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, 2022

OR

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

For the transition period from _____ to _____

Commission file number: 001-40244

HAGERTY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**86-1213144**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
121 Drivers Edge, Traverse City, Michigan	**49684**
(Address of principal executive offices)	(Zip code)

(800) 922-4050

Registrant's telephone number, including area code

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

Title of each class	Trading Symbols	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	HGTY	The New York Stock Exchange
Warrants, each whole warrant exercisable for one share of Class A common stock, each at an exercise price of $11.50 per share	HGTY.WS	The New York Stock Exchange

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

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

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

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

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

Indicate by check mark 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	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b) ☐

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 voting stock held by non-affiliates of the Registrant on June 30, 2022, based on the closing price of $11.49 for shares of the Registrant's Class A Common Stock as reported by the New York Stock Exchange, was approximately $262.1 million. Shares of common stock beneficially owned by each executive officer, director, and holders of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The registrant had 83,211,595 shares of Class A Common Stock outstanding and 251,033,906 shares of Class V Common Stock outstanding as of March 1, 2023.

Documents incorporated by reference:

Portions of the registrant's definitive Proxy Statement for its 2023 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days of December 31, 2022, are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

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Where You Can Find More Information

In this Annual Report on Form 10-K, "we," "our," "us," "Hagerty," "HGTY," and the "Company" refer to Hagerty, Inc., formerly known as Aldel Financial Inc. ("Aldel"), and its consolidated subsidiaries including The Hagerty Group, LLC ("The Hagerty Group"), unless the context requires otherwise. We file annual, quarterly, and current reports, proxy statements and other information with the United States ("U.S.") Securities and Exchange Commission (the "SEC"). General information about us can be found at investor.hagerty.com. The information contained on or connected to our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report filed with the SEC. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments to those reports, are available free of charge through our website at investor.hagerty.com as soon as reasonably practicable after we file them with, or furnish them to, the SEC. The SEC also maintains a website at www.sec.gov that contains reports, proxy statements, and other information regarding SEC registrants, including Hagerty, Inc.

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K, as well as information included in oral statements or other written statements made by us, contain statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, products, services, and technology offerings, market conditions, growth and trends, expansion plans and opportunities, and our objectives for future operations are forward-looking statements. Forward-looking statements can be identified by words such as "anticipate," "believe," "envision," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," "ongoing," "contemplate," and other similar expressions, although not all forward-looking statements contain these identifying words.
We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K. In light of these risks, uncertainties, and assumption, the future events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statement.

Factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements include, among other things, our ability to:

- compete effectively within our industry and attract and retain Members;
- maintain key strategic relationships with our insurance distribution and underwriting carrier partners;
- prevent, monitor and detect fraudulent activity;
- manage risks associated with disruptions, interruptions, outages or other issues with our technology platforms or our use of third-party services;
- accelerate the adoption of our membership products as well as any new insurance programs and products we offer;
- anticipate and address impacts from the COVID-19 pandemic;
- manage the cyclical nature of the insurance business, including through any periods of recession, economic downturn or inflation;
- address unexpected increases in the frequency or severity of claims;
- comply with the numerous laws and regulations applicable to our business, including state, federal and foreign laws relating to insurance and rate increases, privacy, the internet, and accounting matters;
- manage risks associated with being a controlled company; and
- successfully defend any litigation, government inquiries, and investigations.

You should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will occur. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. The forward-looking statements in this Annual Report on Form 10-K represent our views as of the date of this Report. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this Annual Report on Form 10-K or to conform these statements to actual results or revised expectations.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, are available free of charge on our website, investor.hagerty.com, under the heading "Financials" immediately after they are filed with, or furnished to, the SEC. We use our investor relations website, investor.hagerty.com, as a means of disclosing information which may be of interest or material to our investors and for complying with disclosure obligations under Regulation FD. Accordingly, investors should monitor our investor relations website, in addition to following our press releases, SEC filings, public conference calls, webcasts, and social media channels. Information contained on or accessible through, including any reports available on, our website or social media channels is not a part of, and is not incorporated by reference into, this Annual Report on Form 10-K or any other report or document we file with the SEC. Any reference to our website in this Form 10-K is intended to be an inactive textual reference only.

Glossary of Terms

The following is a glossary of selected terms used throughout this Annual Report on Form 10-K that are technical in nature:

ASU Accounting Standards Update. The Financial Accounting Standards Board ("FASB") issues an ASU to communicate changes to the FASB Codification.

BMA Bermuda Monetary Authority, established under the Bermuda Monetary Authority Act of 1969. The BMA supervises, regulates and inspects financial institutions operating from within its jurisdiction.

Book of Business Insurance policies bound by us with our Carriers (as defined below) on behalf of our insurance Members (as defined below).

Business Combination The business combination that was completed on December 2, 2021, pursuant to the Business Combination Agreement (as defined below).

Business Combination Agreement The agreement dated as of August 17, 2021, by and among Aldel, Aldel Merger Sub and The Hagerty Group. The Business Combination Agreement is provided as Exhibit 2.1, incorporated by reference within *Item 15. Exhibits, Financial Statement Schedules*, in this Annual Report on Form 10-K.

BSCR Bermuda Solvency Capital Requirement, which is the Bermuda Monetary Authority's risk-based capital model that was developed to enhance the capital adequacy framework for the insurance sector.

Carrier An insurance company.

CUC Contingent Underwriting Commission, a profit-share based on the calendar-year performance of the insurance book of business with a carrier.

GAAP Accounting principles generally accepted in the United States of America.

Hagerty Re Hagerty Reinsurance Limited, our wholly owned captive reinsurance subsidiary.

Hagerty Group Units A unit of economic interest of The Hagerty Group.

HDC Hagerty Drivers Club membership program.

HHC Hagerty Holding Corp., a close corporation under Delaware law.

IBNR Incurred but not reported, a reserve account used as a provision for claims and/or events that have transpired but have not yet been reported to the Carrier.

Legacy Unit Holders HHC and Markel, the economic owners of The Hagerty Group, prior to the consummation of the Business Combination.

Loss Ratio Expressed as a percentage, the ratio of (1) losses and loss adjustment expenses incurred to (2) earned premium in Hagerty Re.

Markel Markel Corporation, a holding company for insurance, reinsurance and investments operations, headquartered in Richmond, Virginia.

Members Insurance policyholders and HDC paid subscribers.

MGA Managing General Agent, an insurance agent or broker that has been granted underwriting authority by an insurer.

MHH Member Hubs Holding, LLC is a joint venture formed to create Hagerty Garage + Social between Hagerty Ventures LLC, a wholly owned subsidiary of The Hagerty Group, and HGS Hub Holdings LLC.

NPS Net Promoter Score, which is used as an important measure of the overall strength of our relationship with Members. As a leading auto enthusiast brand, we use NPS as a barometer for Hagerty brand loyalty and engagement, and is a strong indicator of growth and retention.

Omnichannel A multichannel approach to sales that focuses on providing a seamless Member experience.

PIF Policies in Force, which is the number of current and active insurance policies as of the applicable period end date.

SaaS Software as a Service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted.

Written Premium The amount of total insurance premium written on policies that were bound by our insurance carrier partners during the applicable period.

TRA Tax Receivable Agreement, a contract between Hagerty, Inc. and the Legacy Unit Holders for payment from Hagerty, Inc. of 85% of the cash tax savings that results from the step-up in basis from the exchange of Hagerty Group Units and Class V Common Stock for Class A Common Stock of Hagerty, Inc.

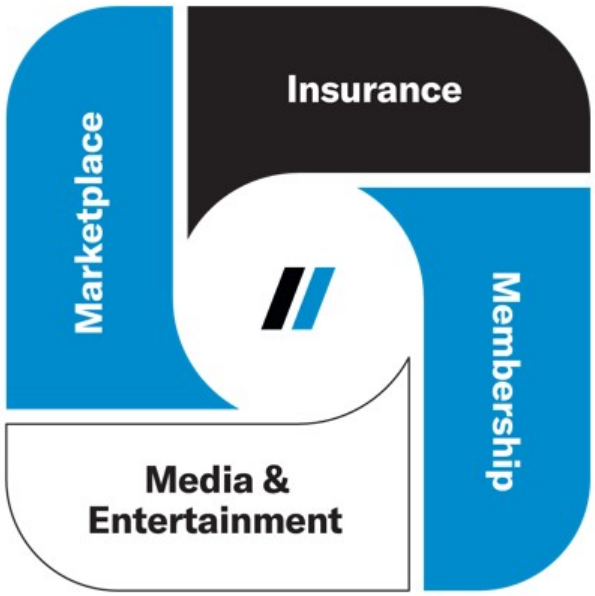
PART I

ITEM 1: BUSINESS

Company Overview

Hagerty is a global market leader in providing insurance for classic cars and enthusiast vehicles. We consistently earn strong net promoter scores ("NPS") by providing auto enthusiasts superior insurance coverage with excellent customer service and at lower prices than traditional carriers. We have also leveraged our trusted insurance brand to build a leading automotive lifestyle brand. We offer an automotive enthusiast platform that protects, engages, entertains and connects with our insurance policyholders and Hagerty Drivers Club ("HDC") paid subscribers (collectively, "Members") and other car enthusiasts. Our goal is to save driving and car culture for future generations.

We have developed an ecosystem of products, services and entertainment for car lovers that catalyzes their passion for cars and driving. The first Hagerty company was founded in 1984. Hagerty, Inc., a Delaware corporation, was formed in 2020 and our business today offers four highly integrated strategic product areas: Insurance, Membership, Marketplace and Media & Entertainment.



The backbone of our ecosystem is our fast-growing insurance operations. People take excellent care of the things they love, and we take great pride in protecting and preserving our Members' treasured vehicles. During the past 38 years, we have consistently grown our insurance operations and currently insure more than 2.2 million classic cars and enthusiast vehicles worldwide. We have built a strong reputation for providing great customer service for Members through our passionate member service center, resulting in a NPS of approximately 83 over the last decade. Further, our insurance policy retention rate has been close to 90% over the past decade, with a typical policy life of approximately nine years.

Our market data informs our strategic decisions. Years ago, we decided to follow the data insights we gathered from our insurance operations to design and build additional adjacent and integrated offerings for car enthusiasts in order to drive retention and loyalty. Our products are intended to work together to engage, entertain, and connect with car lovers at various stages of their passion — digitally, on the track, in the garage, at an event, or on the road. We believe the combination of insurance and these adjacent offerings creates an ecosystem of products generating multiple points of monetization, resulting in an attractive recurring revenue business model.

As we continue to grow, we believe our digitally driven thinking will continue to enhance Member engagement and reduce transaction friction. Our systems must be highly integrated, whether to issue an insurance policy or to sell a ticket to a car event. We think long-term. We believe the combination of these activities positions us to continue to grow into a multi-dimensional ecosystem catering to a large and expanding auto enthusiast market.

Industry and Market Opportunity

We love cars and we are not alone. The collector vehicle market is large and growing. We estimate that there are approximately 45 million insurable collector cars in the U.S., of which approximately 11 million are pre-1981 and 34 million are post-1980 collectibles. Further, we estimate that the U.S. market translates into $12 to $15 billion of annual premium for insurable collector cars based on an average vehicle premium of $300 per year. While we have grown our written premium by an average of 15% per year over the last decade and have become one of the leading providers of collector car insurance, we estimate our market share in the collector vehicle insurance market is currently only 4%.

Growth in the collector vehicle market, as evidenced by recent sales activity and increased values, is being enhanced by several factors, including:

- Cars manufactured after 1980 are becoming modern collectibles.

Collectible vehicles by year

	Type	Total Market (cars, mm)	Hagerty Penetration
	Pre-1981 Classics	11.3	12.1%
	Post 1980 Collectibles	**34.0**	**1.4%**
	Total	~45.3	4.1%

- Increasing focus on collectible cars as an asset class for investment. These cars have an 8% historical annual appreciation. According to our estimates, approximately 63% of the vehicles in our database increased in value in 2022.
- Demographic factors such as baby boomer retirements and millennial interest are driving up demand for collector cars.
- Expanding automotive subcultures are adding to the automotive enthusiast community.
- The supply of enthusiast vehicles is continuing to expand as premium luxury cars are being built in greater numbers than ever before.

We believe we are well positioned to capture a larger share of this growing market. In order to fully capitalize on this opportunity, we apply a data driven Member and vehicle segmentation approach that combines an understanding of vehicle ownership data, demographic data and vehicle usage. Based upon this approach, we are able to analyze key vehicle markets, explore additional opportunities within these markets, overlay demographic and usage data to enrich our approach and leverage the information to better serve the auto enthusiast community.

Business Model and Competitive Strengths

The Hagerty brand has been carefully curated over the last four decades by providing Members with excellent customer service through our team of passionate automotive experts, resulting in an industry leading NPS score of 83 and insurance Member retention rate of nearly 90%. Our product offerings are built to earn a steady and increasing share of car lovers' discretionary spending. To illustrate, by investing in Membership, Marketplace and Media & Entertainment, we have the opportunity to counteract insurance policy attrition resulting from vehicle sales by establishing a relationship with the new owner through these product offerings. Our array of products and services functions not only as part of our growth strategy and market expansion but also to diversify our revenue streams in the future.

Insurance

We provide insurance for more than 2.2 million classic cars and enthusiast vehicle worldwide. Our insurance business model positions us to control the pricing and underwriting of the insurance policies, benefit from steady fee-based income and engage directly with consumers. With our vast network of brokers and agents, and through our strategic insurance partners, we believe we are positioned to capture more of the large and growing enthusiast vehicle insurance market over the coming decade.

Our insurance model generates two types of revenue: (1) commission and fees and (2) earned premium. As a Managing General Agent ("MGA"), we underwrite, sell and service policies on behalf of our carriers and earn commission revenue based on the level of written premiums. Then, because we have confidence in our underwriting, as demonstrated by our predictably low loss ratios, we reinsure a portion of the written premium through Hagerty Re and recognize earned premium as additional revenue.

We utilize our data science capabilities to benefit both our MGA activities, as well as our risk-taking activities through Hagerty Re. Some examples of how we utilize data science include:

- *Underwriting and Risk Assessment:* Decades of data allow us to accurately assess the risk associated with insuring collectible cars through actuarial analysis, which leads to more efficient underwriting and appropriate pricing.
- *Market Analysis:* Machine learning algorithms are designed to analyze data on collector car sales and values to identify trends and initiate automated marketing, sales and servicing workflows.
- *Customer Service:* AI-powered tools provide instant and accurate responses to Member inquiries, freeing up our member service agents to handle more complex issues and improve the Member experience.
- *Claims Processing:* Streamlining the claims process by automating routine tasks and flagging potential fraud.

We are investing substantial resources in research and development to enhance our platform, develop new products and features, and improve the speed, scalability, and security of our platform infrastructure. Our research and development organization consists of world-class engineering, product, data, and design teams. These teams work collaboratively to bring our products to life, from conception and validation to implementation.

Commission Revenue

We earn commission revenue for the distribution and servicing of classic and collector motor vehicle and boat insurance policies written through personal and commercial lines agency agreements with multiple carriers in the U.S., Canada, and the United Kingdom ("U.K."). On average, we generate commissions equal to 32% of the written premium, as well as up to an additional 10% of contingent underwriting commissions based on achieving targeted loss ratios. We have a track record of success, including high retention rates of nearly 90% and low loss ratios averaging under 40% over the last decade.

Our insurance offerings are centered around our "Guaranteed Value" insurance policy which differentiates our coverage from the standard auto insurance market. This means the covered vehicles are insured at their true replacement cost, whereas standard auto coverage is insured at a depreciated value. We work closely with our Members to determine the right amount of coverage for their vehicle, utilizing Hagerty Valuation Tools ("HVT"), which has been built over decades of collecting vehicle sales information. If a car experiences a covered total loss, we pay the full amount of the car's insured value without any depreciation.

Omnichannel Distribution

Our insurance products are unique due to our omnichannel distribution approach — meaning we sell to our insurance Members wherever they need us. This omnichannel approach allows us to interact with Members across three channels: (1) directly to consumers; (2) through independent agents and brokers; and (3) through strategic distribution partnerships.

Direct Sales Channel

Our direct sales channel is serviced by our employee agents working across all 50 states and three countries to drive new business flow. Approximately 45% of our total U.S. auto written premium is generated through direct sales. As explained further below under "Membership", we connect with our Members at multiple points of engagement whereas typical insurance companies engage with their customers only at the point of purchase and upon renewal. We have built an ecosystem around the automotive enthusiast that results in multiple interactive touchpoints annually.

We believe that consumers who feel part of an enthusiast community or club are more engaged and have higher renewal rates than those who simply purchase a good or service. Our insurance policy retention rate is nearly 90% with a typical policy life of approximately nine years, resulting in a strong recurring revenue model in large part because of our leading NPS. This is a significant competitive advantage over competitors who, without strong affinity or engagement, are left to define their competitive edge based on price. Our community of engaged automotive enthusiasts is a stark differentiator from our competitors who, in our eyes, have a transactional, price-based relationship with their customers.

Independent Agent and Broker Channel

Approximately 33% of our total U.S. auto written premium is generated by the agent and broker channel through our relationships with over 45,000 independent agents and brokers, including the independent agents in our partnership channel as discussed below. Our independent agents and brokers represent all of the top 10 brokers in the U.S. by revenue. One of the greatest competitive threats agents and brokers face is the battle against "ordinary." It can be challenging for these firms to create a memorable or distinctive experience for insurance buyers. We are often told by agents and brokers that partnering with us to bring value and joy to their enthusiast clients is unmatched in the marketplace. Our high-engagement and experiential approach to the market is often co-branded by our agents/brokers to deliver auto enthusiasts an experience the agent/broker could not deliver themselves. As a result, both brands benefit together in longer-lasting and more intimate client relationships.

Partnership Channel

We also market our insurance products through our insurance distribution partners. This channel consists of partnerships with 9 of the top 10 largest auto insurers (as ranked by S&P Global Market intelligence based upon 2021 direct premiums written) and currently accounts for approximately 22% of total written premium. Under these arrangements, we generally make our specialty insurance products and related services available to the carrier's brokers and the brokers then refer or present to us their clients who cannot obtain through the carrier itself the types of specialty classic or collector car insurance products and services the client wants or needs. Under one distribution partnership, we serve as the carrier's exclusive managing general underwriter for classic and collector car insurance products. Our track record of expertise and growth creates opportunities for cultivating strong, mutually beneficial partnerships that allow us to continue to meaningfully grow our share of the collector car market in the U.S. that we don’t service today.

Most insurance companies offer and compete for multi-line insurance: auto, property, liability, boat, aircraft, and other exclusive collectables. Our focus on collector vehicle products and services reduces competitive threats for partners and raises their confidence in trading with us. Furthermore, we focus our investments on developing capabilities that serve the interests of the car enthusiast market. This depth and discipline of focus has enabled us to maintain a "neutral" and non-threatening partner of choice position with the highest quality automobile insurance companies in the market.

Our approach to partnerships enables complementary growth. Our business model is attractive to our partners because we offer a full-service solution for their specialty customers and their specialty cars. We handle product development and pricing, sales and service, underwriting and claims services on behalf of our underwriting carriers, and we offer Member benefits tailored to the enthusiast all through our proprietary technology and by our sales and service teams. For partners, our focus on the collector car space allows them to focus on other parts of their business portfolios. We then align financial interests so both parties enjoy a gain-share approach to the relationship, which creates strong and more durable institutional bonds. When our partners win and grow, we do as well. We take great care to build partnerships with firms who share our cultural principles and intense focus on customer service.

Strategic Agreements

State Farm Alliance

We entered into a master alliance agreement with State Farm Mutual Automobile Insurance Company ("State Farm") in 2020 to establish an alliance insurance program whereby State Farm’s customers, through State Farm agents, will have access to our features and services. We expect to begin these services in the second half of 2023, at which point we will add State Farm's approximately 19,200 agents to our partnership channel.

As part of our master alliance agreement with State Farm, we also entered into a managing general underwriter agreement whereby the State Farm Classic+ policy will be offered through State Farm Classic Insurance Company, a new wholly owned subsidiary of State Farm, subject to any applicable state regulatory review and approval. The State Farm Classic+ policy will be available to new and existing customers through State Farm agents on a state-by-state basis. Hagerty Insurance Agency, LLC will be paid a commission under the managing general underwriter agreement and ancillary agreements for servicing the State Farm Classic+ policies. Additionally, we have the opportunity to offer HDC membership to State Farm Classic+ customers, which provides us an additional revenue opportunity.

Markel Alliance

Markel is the ultimate parent company of Essentia Insurance Company ("Essentia"), which serves as the dedicated carrier for specialty classic and collector vehicle insurance policies sold by our affiliated U.S. and U.K. MGA subsidiaries. Essentia is exclusive to our MGAs and writes no business other than insurance policies for Hagerty. Under this arrangement, we are licensed and appointed as Essentia's MGA and are authorized to develop insurance products, underwrite, bill and perform claims services for policies written through Essentia. State laws govern many of the activities under this relationship and our MGAs must maintain the appropriate licensing as a producer and, where required, as an MGA, plus additional requirements in some states for claims adjusting.

Essentia cedes premiums and risk through quota share reinsurance agreements to our key insurance distribution partners with the remaining retained premium being ceded to its affiliate, Evanston Insurance Company ("Evanston"). Evanston, in turn, cedes a portion of the business it reinsures from Essentia, to Hagerty Re. For Evanston to take credit for reinsurance under applicable state law, Hagerty Re maintains funds in trust for the benefit of Evanston. The Markel and Hagerty agreements governing the relationship expire at the end of 2030 and include extension periods.

Aviva Canada Alliance

Aviva Canada Inc. ("Aviva") is the parent company of Elite Insurance Company and serves as the carrier for our affiliated Canadian MGA subsidiary ("Hagerty Canada") specialty classic and collector vehicle insurance program. The relationship with Aviva in Canada is exclusive with respect to specialty classic and collector vehicle insurance, with the exception of the Quebec province, where a third-party insurance agency carries the appropriate licenses and authority to submit business to Elite Insurance Company. Hagerty Canada receives compensation in the form of a broker commission. Elite Insurance Company and Hagerty Re have a reinsurance quota share agreement. The terms of the Aviva agreements expire in 2030 and include a 5-year extension. Canadian provincial laws govern many of the activities under this relationship and, in addition to appropriate carrier licensing requirements, Hagerty Canada must maintain the appropriate licensing.

Earned Premium

Because we have confidence in our underwriting, as demonstrated by our predictably low loss ratios, we reinsure a portion of the written premium through Hagerty Re and recognize earned premium as revenue. Hagerty Re, which was formed in Bermuda in 2017, shares in increasing amounts of the underwriting profit generated by the sale of insurance policies through our MGA affiliates. Our reinsurance capabilities allow us to efficiently deploy capital and create steady, consistent underwriting results. Our deliberate approach to managing risk and employing actuarial discipline to the underwriting process results in an attractive average loss ratio of 43% over the last three years. This compares favorably to the overall auto insurance industry average of approximately 66%. Our U.S. and U.K. quota share, or retained risk, was 60% in 2021, 70% in 2022, and will increase to at least 80% in 2023. Importantly, our MGA affiliates also handle the claims for our programs so that we can ensure our Members are receiving high levels of service that are focused on the unique requirements of repairing vintage and rare vehicles. As a result, our insurance offerings work together to help us grow and share in the profits we generate.

Membership

Our focus on Membership offerings is intended to build a community of car lovers that are loyal to the Hagerty brand due to the multiple valuable points of engagement we provide.

Typical insurance businesses engage with their customers only a few times a year. Through our diverse Membership offerings, including HDC and Hagerty Garage + Social, we deploy an ecosystem of engagement, including both physical (through events and social functions) and digital platforms (through media content, social media engagement, market news and valuation data) that can result in numerous touchpoints with Members each year. We believe our leading NPS and strong retention rates reflect the effectiveness of our enthusiast ecosystem.

HDC cultivates strong brand loyalty by providing multiple points of engagement to its approximately 753,000 HDC Members. A paid subscription to HDC gives Members access to our products and services, including Hagerty Drivers Club Magazine, automotive enthusiast events, our proprietary vehicle valuation tool, emergency roadside services and special vehicle-related discounts. As of December 31, 2022, approximately three-quarters of new insurance policyholders purchase a subscription to HDC.

Hagerty Garage + Social is a growing nationwide platform of premium, climate-controlled clubhouses and car storage facilities. This platform gives us a physical brand experience capability across a number of strategic markets in the U.S. and Canada. Hagerty Garage + Social locations are currently in Bedford Hills, New York; Chicago, Illinois; Delray Beach, Florida; Palm Beach, Florida; Miami, Florida; Redmond, Washington; Van Nuys, California; and Culver City, California. In Canada, we have a location in Burlington, Ontario. At these locations, Hagerty Garage + Social Members can store their collector vehicles, admire other car lovers' stored vehicles and interact with similarly minded automotive enthusiasts, and experience events, activations and content in a branded, curated unique setting.

Marketplace

Marketplace leverages the power of our ecosystem to serve car enthusiasts by offering services for buying and selling collector cars. The market for buying and selling collector cars is substantial, encompassing live and time-based online auctions and private sales. We estimate that there are approximately 45 million insurable collector cars in the U.S., valued at approximately $1.0 trillion. In 2022, we observed approximately 300,000 buy/sell vehicle transactions representing approximately $12.5 billion in total value trading hands in our U.S. insurance book, or approximately 1% of the estimated U.S. market value. We believe we can differentiate from other platforms and services by injecting a higher level of trust into this marketplace by using our existing size, scale and trusted brand status.

In January 2022, we entered into a joint venture with Broad Arrow Group, Inc. ("Broad Arrow"), pursuant to which we invested $15.3 million in exchange for equity ownership of approximately 40% of Broad Arrow. Then, in August 2022, we acquired the remaining 60% of Broad Arrow in exchange for approximately $73.3 million of equity consideration consisting of Class A Common Stock and Hagerty Group Units. As a result of this acquisition, we and Broad Arrow expect to further leverage our respective product offerings and continue to build Marketplace.

Marketplace utilizes its live and time-based online auctions, conducted through Broad Arrow, as well as private sales through Hagerty Classifieds and Collectors Garage to facilitate the buying and selling of collector cars through the Hagerty ecosystem. Marketplace also conducts asset-backed financing through Broad Arrow Capital. Marketplace utilizes HVT, our valuation tool used by over three million people each year to access current and historic pricing data on more than 40,000 collector vehicle models based on our robust proprietary database of Hagerty Price Guide values dating as far back as 2006.

Media & Entertainment

Hagerty Media & Entertainment is how we create positive ongoing engagement with our current and prospective Members alike. Producing and distributing quality content and operating world-class car events help us establish and maintain our brand and bring additional context and value to Hagerty's various products including Insurance, Membership and Marketplace.

Hagerty Media features the work of the nation's top automotive content creators, journalists, and storytellers who bring the world of cars to life in exciting and unexpected ways across a variety of digital, print, and video media formats. Hagerty Media produces exclusive media content for our HDC Members as well as content we make available for free and is supported by advertising. This includes the award winning Hagerty Drivers Club Magazine (among the largest auto magazine based on audited circulation data), premium video content (2.5 million YouTube subscribers, nearly 500 million aggregate views), social media (4.7 million followers on Hagerty social media channels) and thousands of written articles read by over one million unique users every month. Hagerty's media team covers entertainment, news, market information and vehicle valuation trends, all of which generate an engaged audience that drives retention and brings new Members into our ecosystem.

Car enthusiasts love to gather with one another informally and formally throughout the year. We sponsor or own more than 1,800 automotive events annually. Hagerty Events encompasses three of the largest Concours d'Elegance in the U.S. and an eclectic mix of small and large events where people share cars and camaraderie, whether these are small, casual touring events or exclusive drives with some of the finest cars in the world. Our team operates marquee Concours d'Elegance events including the Greenwich Concours, the Detroit Concours and The Amelia. We also own and operate the California Mille, RADwood, Concours d'Lemons, and the Motorlux event during the Pebble Beach car week. Hagerty monetizes these events through ticket sales and sponsored activations from hundreds of commercial partnerships. Events also create significant synergies with Insurance, Membership and Marketplace. In 2023, we will integrate live car auctions with some of our bigger owned events, including The Amelia and Motorlux.

Business Attributes

Intellectual Property

We believe our intellectual property rights are valuable and important to our business. We rely on trademarks, patents, copyrights, trade secrets, license agreements, intellectual property assignment agreements, confidentiality procedures, non-disclosure agreements, and electronic and physical security measures to establish and protect our proprietary rights. Though we rely in part upon these legal, contractual, and other protections, we believe that factors such as the skill and ingenuity of our employees and the functionality and frequent enhancements to our platform are large contributors to our success in the marketplace. We intend to pursue additional intellectual property protection on such enhancements to the extent we believe it would be beneficial and cost-effective.

As of December 31, 2022, we have two issued patents in the U.S. and one in Canada. The issued patents generally relate to our vehicle information number decoder, which allows us to determine vehicle configuration details and associated vehicle values, and our method and system for storage and selective sharing of vehicle data. The issued patents are expected to expire in August 2030, May 2031 and May 2033. We continually review our development efforts to assess the existence and the ability to protect new intellectual property.

We have trademark rights in our name, our logo, and other brand indicia, and have trademark registrations for select marks in the U.S., Canada, U.K., European Union ("E.U.") and Australia. We have copyrights for our media and entertainment content and registered copyrights for our vehicle information tools in the U.S. We also have registered various domain names related to our brand for websites that we use in our business, including Hagerty.com.

Although we believe our intellectual property rights are valuable and strong, intellectual property rights are sometimes subject to invalidation or circumvention. Refer to the sections titled "*Risk Factors — Risks Related to Our Business — Our intellectual property rights are extremely valuable and if they are not properly protected, our products, services, and brand could be adversely impacted.*" within Part I, Item IA — Risk Factors, in this Annual Report on Form 10-K for additional information.

Seasonality

Due to our significant North American footprint, our revenue streams, and in particular, commission and fee revenue, exhibit seasonality peaking in the middle of the second calendar quarter and diminishing through the rest of the year, with the lowest relative level of commission and fee revenue expected to occur in the fourth calendar quarter and beginning of the first calendar quarter. This seasonality is due to the fact that more vehicles are driven and purchased during the second and third quarters, and our twelve-month policies renew during those same quarters. We expect to experience seasonal and other fluctuations in our quarterly operating results, which may not fully reflect the underlying performance of our business.

Competition

We believe that our business model and ecosystem of integrated products is unique. While there are a number of other specialty insurance companies that offer collector vehicle insurance, we do not view these companies as significant competitors. We experience some competition in the larger standard auto insurance market. However, in lieu of competing with standard auto insurance carriers, we have formed relationships with many of them to offer their customers our membership subscription model coupled with our specialty insurance products. Through relationships with auto insurance carriers, we provide a high-touchpoint experience resulting in more appropriate levels of cost coverage and higher overall service satisfaction of Members. We believe that executing on our omnichannel strategy will allow us to continue to gain market share over time.

Investments

Our portfolio of investable assets is primarily held in cash, short-term investments, and Canadian Sovereign and Provincial fixed income securities. We manage the portfolio in accordance with investment policies and guidelines approved by our board of directors (the "Board"), in consultation with legal counsel and as may be required to be approved by applicable regulatory authorities. We have designed our investment policy and guidelines to provide a balance between current yield, conservation of capital, and liquidity requirements of our operations, setting guidelines that provide for an investment portfolio that is compliant with insurance regulations applicable to jurisdictions in which we operate.

Employees and Human Capital Resources

Our culture is shaped by our people and is a strategic advantage for us. Our strategy involves hiring great people, providing challenging and meaningful work, and investing in their professional and personal development. In 2022, we announced the adoption of our remote-first model, which we believe enables us to attract top talent and provide employees the flexibility they increasingly seek. We aim to hire the best and set them up for success with individualized training and career development. Our objectives include effectively identifying, recruiting, retaining, incentivizing, and integrating our existing and additional employees.

As of December 31, 2022, we had 1,874 total employees, 1,866 of which were full-time employees. None of our employees are represented by a labor union or covered by collective bargaining agreements. We are recognized as having a highly engaged workforce as evidenced by the receipt of the Gallup Exceptional Workplace Award in 2021. This award is Gallup's premier recognition for the highest level of employee engagement in workplace cultures, presented only to organizations that meet rigorous standards of excellence. In 2022, we were recognized by Fortune Magazine as one of the Best Workplaces in Financial Services & Insurance. Further, we have consistently received the "Great Place to Work" certification from the Great Place to Work Institute, Inc. over the past six years.

Health and Wellness

The health and wellness of our employees and their families is integral to our success. We have a comprehensive benefits program to support the physical, mental and financial well-being of our employees. We have a self-insured medical plan in which our employees pay approximately 25% of the monthly estimated premiums. In addition to core medical, we offer maternity and paternity benefits to help employees who are looking to grow their family. To support the mental health of our employees, we offer clinical care providers, telehealth and employee assistance programs at no cost to them. Additionally, aside from our competitive paid time off program, we have Caregiver Time Off, which provides team members 40 hours each year of paid time off for caregiving responsibilities.

Compensation

Our compensation programs are designed to attract, retain and motivate talented, deeply qualified and committed individuals who believe in our mission, while rewarding employees for long-term value creation. We have a pay-for-performance culture in which employee compensation is aligned to company performance, as well as individual contributions and impacts. The potential for stock-based compensation awards through our equity incentive plan (the "2021 Equity Incentive Plan") and Employee Stock Purchase Plan are designed to align employee compensation to the long-term interests of our stockholders, while encouraging them to think and act like owners. We strive for a fair, competitive, transparent and equitable approach in recognizing and rewarding our employees.

Diversity and Inclusion

Our diversity and inclusion objective is to be a company where each of us genuinely belongs, is respected and valued, and can do our best work. We take this to heart not just within our Company, but also within the broader automotive enthusiast community.

To help achieve our internal goals, we focus on attraction, retention and development at all levels. This means that we will ensure fair and transparent processes in talent assessment and hiring, performance management and career progression and retention. We are creating a stronger sense of inclusion and belonging for our employees in general with a lens on representation. Engagement and belonging are fueled by having a meaningful connection to others and opportunities to grow and develop our careers. Across these dimensions, we are building programs, systems and tools that foster greater belonging.

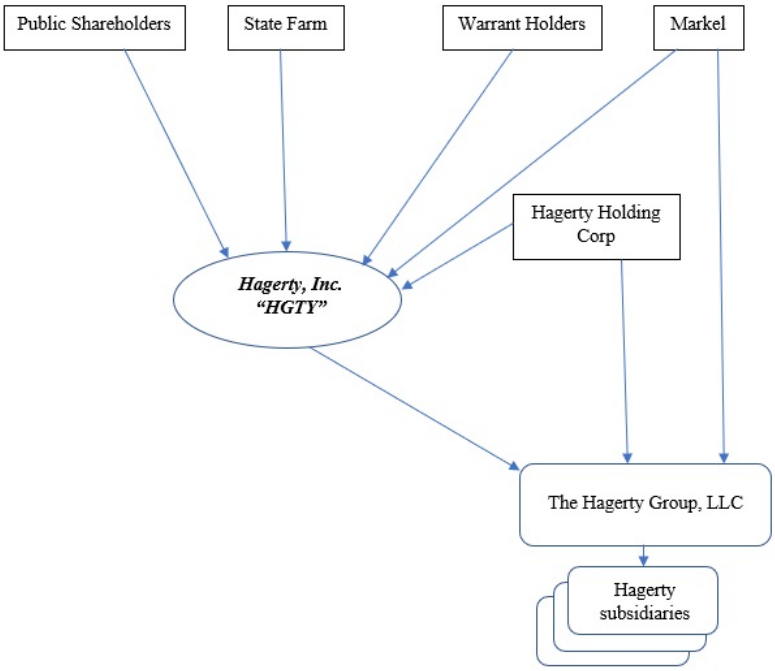
We intend to continue to invest and further develop our leadership training and support to ensure that all leaders — those promoted, developing or hired — understand how to lead, keeping our diversity and inclusion principles top of mind in every aspect of their role.

Business Combination

On December 2, 2021 (the "Closing"), The Hagerty Group completed a business combination pursuant to the Business Combination Agreement with Aldel and a subsidiary of Aldel, Aldel Merger Sub LLC ("Merger Sub"). On December 3, 2021, our Class A Common Stock and Public Warrants began trading on the NYSE under the new trading symbols "HGTY" and "HGTY.WS", respectively.

Pursuant to the terms of the Business Combination Agreement (1) Merger Sub was merged with and into The Hagerty Group, whereupon the separate limited liability company existence of Merger Sub ceased to exist and The Hagerty Group became the surviving company and continues to exist as a Delaware limited liability company, (2) the existing limited liability company agreement of The Hagerty Group was amended and restated to, among other things, make Aldel a member of The Hagerty Group, and (3) Aldel changed its name from Aldel Financial Inc. to Hagerty, Inc.

Following the Closing, Hagerty, Inc. is organized as a C corporation and owns an equity interest in The Hagerty Group in what is commonly known as an "Up-C" structure. Under this structure, substantially all of Hagerty, Inc.'s assets and liabilities are held by The Hagerty Group. The following chart summarizes this organizational structure following the Closing. This chart shows stockholders that own more than 5% of our Class A Common Stock and our warrant holders and is provided for illustrative purposes only. It does not purport to represent all legal entities owned or controlled by us:



Refer to Note 1 — Summary of Significant Accounting Policies and New Accounting Standards and Note 8 — Business Combination in Item 8 of Part II of this Annual Report on Form 10-K for additional information on the Business Combination.

ITEM 1A: RISK FACTORS

Described below are certain risks that we believe are applicable to our business and the industry in which we operate. Investors should carefully read the following factors as well as the cautionary statements referred to in "Cautionary Statement Regarding Forward-Looking Statements" herein. If any of the risks and uncertainties described below or elsewhere in this Annual Report on Form 10-K actually occur, our business, financial condition or results of operations could be materially adversely affected.

Risk Factors Summary

Our business is subject to numerous risks and uncertainties of which you should be aware. Among others, these risks relate to:

- our ability to attract and retain Members and compete effectively within our industry;
- our dependence on a limited number of insurance distribution and underwriting carrier partners;
- our ability to prevent, monitor and detect fraudulent activity, including our reliance on a limited number of payment processing services;
- our reliance on a highly skilled and diverse management team and workforce and a unique culture;
- our ability to successfully execute and integrate future acquisitions, partnerships and investments;
- issues with our technology platforms and our ability to anticipate or prevent cyberattacks;
- the limited operating history of some or our membership products and the success of any new insurance programs and products we offer;
- our susceptibility to inflation, interest rate, and foreign currency exchange rate fluctuations;
- our ability to continue to develop, implement, and maintain the confidentiality of our proprietary technology and prevent the misappropriation of our data;
- the cyclical nature of the insurance business and our dependence on our ability to collect vehicle usage and driving data;
- compliance with the numerous laws and regulations applicable to our business, including state, federal and foreign laws relating to insurance and rate increases, privacy, the internet, accounting matters, tax, and economic sanctions;
- unexpected increases in the frequency or severity of claims, including increases caused by catastrophic events;
- our reinsurers may not pay claims on a timely basis, or at all, which may materially adversely affect our business, financial condition, and results of operations;
- unexpected changes in the interpretation of our coverage or provisions, including loss limitations and exclusions;
- our ability to successfully integrate Broad Arrow, our newly acquired collector car marketplace business vertical, and Broad Arrow Capital, our newly acquired collector car financing provider, and achieve the intended results of the acquisition;
- our only material asset is our interest in The Hagerty Group, and, accordingly, we will depend on distributions from The Hagerty Group to pay our taxes, including payments under the Tax Receivable Agreement ("TRA");
- whether investors or securities analysts view our stock structure unfavorably, particularly our dual-class structure;
- HHC controls us, and its interests may conflict with ours or yours in the future;
- we are a "controlled company" within the meaning of the NYSE listing requirements, as a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements; and
- our common stock, including trading price declines from missed earnings guidance, trading volatility, lack of dividends, and anti-takeover provisions in our governing documents.

Risks Related to Our Business

We have experienced significant Member growth over the past several years, and our continued business and revenue growth are dependent on our ability to continuously attract and retain Members and we cannot be sure we will be successful in these efforts, or that Member retention levels will not materially decline.

If consumers do not perceive our service offerings to be of value, including if we introduce new or adjust existing features, adjust pricing, coverage or service offerings, or change the mix of offerings in a manner that is not favorably received by consumers, we may not be able to attract and retain Members. We may, from time to time, adjust the pricing or the pricing model itself, which may not be well received by consumers, and which may result in existing Members canceling their membership or obtaining services from a competitor and may result in fewer new Members joining our programs. In addition, many of our Members are referred to us through word-of-mouth from existing Members. If our efforts to satisfy our existing Members are not successful, we may not be able to attract new Members, and as a result, our ability to maintain and/or grow our business will be adversely affected.

A large percentage of our revenues are derived from sales through direct-to-consumer sales, including through digital channels. If we fail to meet consumer expectations for the Member experience through digital or other sales channels, our growth may be impacted through the loss of existing Members or inability to attract new Members.

A large percentage of our products and services are distributed through a few relationships and the loss of business provided by any one of them could have an adverse effect on us.

In addition to our direct sales efforts and independent channels, we market our insurance products through several insurance distribution partners. For the year ended December 31, 2022, approximately 16% of our commission revenues globally were attributable to four distribution partner marketing relationships. For two of these distribution partners, we have long-term arrangements, one of which has an expiration date in 2029 and the other in 2030. The other relationships have shorter durations. Upon expiration or termination of these agreements, these partners may decide not to continue to distribute our products and services or may be unwilling to do so on terms acceptable to us. If we are not successful in maintaining existing relationships and in continuing to expand our distribution relationships, or if we encounter regulatory, technological, or other impediments to delivering our services to Members through these relationships, our ability to retain Members and grow our business could be adversely impacted. In addition, the broker/agent relationships many of the partners we work with may change and their own internal strategy about how products are marketed may change, and, where we do not have exclusivity, we face competition by providers who seek to build or strengthen the relationships without distribution partners, which could cause a loss of focus on or exposure to our products and services, adversely impacting new sales.

We may not be able to prevent, monitor, or detect fraudulent activity, including transactions with insurance policies or payments of claims as well as transactions through our marketplace.

If we fail to maintain adequate systems and processes to prevent, monitor, and detect fraud, including employee fraud, agent fraud, fraudulent policy acquisitions, vendor fraud, buyer or seller marketplace sales fraud, fraudulent claims activity, or if an inadvertent error occurs because of human or system error, our business could be materially adversely impacted. Fraud schemes have become increasingly more sophisticated and are ever evolving into different avenues of fraudulent activity. While we believe that any past incidents of fraudulent activity have been relatively isolated, we cannot be certain that our systems and processes will always be adequate as fraudulent activity and schemes continue to evolve. Our employees are required to take anti-fraud training, and we use a variety of tools to protect against fraud, but the trainings and these tools may not always be successful at preventing fraud.

Instances of fraud may result in increased costs, including possible settlement and litigation expenses, and could have a material adverse effect on our business and reputation. In addition, failure to monitor and detect fraud and otherwise comply with state Special Investigation Unit requirements can result in regulatory fines or penalties.

We rely on the expertise of our Chief Executive Officer, senior management team, and other key employees. If we are unable to attract, retain, or motivate key personnel, our business may be severely impacted.

Our success depends on the ability to attract, retain, and motivate a highly skilled and diverse management team and workforce. Our Chief Executive Officer is well known and respected in our industry. He is an integral part of our brand and his departure would likely create difficulty with respect to both the perception and execution of our business. Additionally, the loss of a member of our senior management team, specialized insurance experts or key personnel might significantly delay or prevent the achievement of our strategic business objectives and could harm our business. We rely on a small number of highly-specialized insurance experts, the loss of any one of whom could have a disproportionate impact on our business. Our compensation arrangements, such as our equity award programs, may not always be successful in attracting new employees and retaining and motivating our existing employees. Moreover, if and when our equity awards are substantially vested, employees under such equity arrangements may be more likely to leave, particularly if the underlying shares have seen a value appreciation.

Our inability to ensure that we have the depth and breadth of management and personnel with the necessary skills and experience could impede our ability to deliver growth objectives and execute our operational strategy. As we continue to expand and grow, we will need to promote or hire additional staff, and it may be difficult to attract or retain such individuals in a timely manner and without incurring significant additional costs. If we are not able to integrate new team members or if they do not perform adequately, our business may be harmed.

Our unique culture has contributed to our success, and if we are not able to maintain this culture in the future, our business could be harmed.

Our culture supports a high level of employee engagement, which translates into a service model that produces a high level of Member satisfaction and retention. We face a number of challenges that may affect our ability to sustain our culture, including:

- failure to identify, attract, reward, and retain people in leadership positions in our organization who share and further our culture, values, and mission;
- the size and geographic diversity of our workforce and our ability to promote a uniform and consistent culture across all our offices and employees working remotely;
- competitive pressures to move in directions that may divert us from our mission, vision, and values;
- the continued challenges of a rapidly evolving industry; and
- the increasing need to develop expertise in new areas of business needed to execute our growth plans and strategy.

If we are not successful in instilling our culture in new employees, or maintaining our culture as we grow, our operations may be disrupted and our financial performance may suffer.

Our future growth and profitability may be affected by new entrants into the market or current competitors developing preferred offerings.

Our business is rapidly growing and evolving, and we have many competitors across our different offerings. The markets in which we operate are highly competitive and we may not continue to compete effectively within our industry. We face competition from large, well-capitalized national and international companies, including other insurance providers, technology companies, automotive media companies, automotive auction and marketplace providers, other well-financed companies seeking new opportunities, or new competitors with technological or other innovations. Many of our competitors have substantial resources, experienced management, strong marketing, underwriting and pricing capabilities. Because collector auto insurance constitutes a significant portion of our overall business, we may be more sensitive than other providers of insurance to, and more adversely affected by, trends that could decrease auto insurance rates or reduce demand for auto insurance over time, such as industry advances in mileage-based or usage-based insurance offerings, changes in vehicle technology, autonomous or semi-autonomous vehicles, or vehicle sharing arrangements. In addition, there are limited barriers to entry in the automotive lifestyle business. Accordingly, more established brands with significantly more resources may compete against us in the automotive lifestyle business in the future. If we are unable to compete effectively, we may not be able to grow our business and our financial condition and results of operations may be adversely affected.

As a result of a number of factors, including increasing competition, negative brand or reputational impact, changes in geographic mix or product mix, and the continued expansion of our business into a variety of new areas, we may not be able to continue to grow our revenues at a high rate or at all. We may also experience a decline in our revenue growth rate as our revenues increase to higher levels. Our revenue growth may be impacted if there is a deceleration or decline in demand for our products and services due to changing market dynamics or demographic shifts.

Future acquisitions or investments contain inherent strategic, execution, and compliance risks that could disrupt our business and harm our financial condition.

We may pursue acquisitions or investments to grow our business in line with our strategic objectives. Any acquisition or investment (whether for internal technology or products used or for external uses) may not achieve the desired return sought. These acquisitions or investments may also result in unforeseen liabilities or expenses, such as higher than expected costs due to market competition, regulatory approval requirements, delays in implementation, lost opportunities that could have been pursued with cash being used, litigation or regulatory enforcement post-acquisition or investment, contingent liabilities, implementation cost, misalignment of culture, loss of technology through theft or trade secrets exchanged, loss of key partners/vendors, currency exchange rate for foreign investment, timing within overall economic environment, carrying costs, and tax liabilities. Additionally, the risks from future acquisitions or investments could result in impairment charges against goodwill or increases in the liabilities on our Consolidated Balance Sheets, as well as missed earnings results.

As we continue to grow our product offerings through partnerships and acquisitions we may be inherently absorbing or taking on additional risk.

Our continued involvement in event acquisitions and partnerships, and execution of events, may give rise to increased brand and reputational risk. If we are unable to successfully onboard associated employees, contractors, and volunteers and incorporate them into our culture, we may fail to maintain continuity of experience across our event offerings. We may experience an increase in financial liability and potential litigation due to a heightened exposure inherent in the operation of public events.

We may be subject to cyberattacks, and our reliance on third party providers for technology and service mean our operations could be disrupted due to the lack of resiliency in the operations of other companies, or a breach in their obligations to us, and could impair the operability of our website and other technology-based operations.

Cyberattacks, denial-of-service attacks, ransomware attacks, business email compromises, computer malware, viruses, social engineering (including phishing) and other malicious internet-based activity are prevalent in our industry and such attacks continue to increase. We also utilize third-party providers to host, transmit, or otherwise process electronic data in connection with our business activities. We or our vendors and business partners may experience attacks, unavailable systems, unauthorized access or disclosure due to employee or other theft or misuse, denial-of-service attacks, sophisticated attacks by nation-state and nation-state supported actors, and advanced persistent threat intrusions. Despite our efforts to ensure the security, privacy, integrity, confidentiality, availability, and authenticity of information technology networks and systems, processing and information, we may not be able to anticipate, or to implement, preventive and remedial measures effective against all data security and privacy threats. The recovery systems, security protocols, network protection mechanisms, and other security measures that we have integrated into our systems, networks, and physical facilities, may not be adequate to prevent or detect service interruption, system failure, data loss or theft, or other material adverse consequences. No security solution, strategy, or measures can address all possible security threats or block all methods of penetrating a network or otherwise perpetrating a security incident. The risk of unauthorized circumvention of our security measures, or those of our third-party providers, clients, and partners has been heightened by advances in computer and software capabilities and the increasing sophistication of hackers who employ complex techniques, including without limitation, the theft or misuse of personal and financial information, counterfeiting, "phishing" or social engineering incidents, ransomware, extortion, publicly announcing security breaches, account takeover attacks, denial or degradation of service attacks, malware, fraudulent payment, and identity theft.

In 2021, we experienced an unauthorized access into our online insurance quote system whereby attackers used personal information already in their possession to obtain additional consumer data, including driver’s license numbers, through Hagerty's Instant Quote feature. The issue has been remediated. While none of our systems or databases were compromised or significantly disrupted as part of this incident and the costs associated with the incident and our remediation efforts were not material, we could be subject to litigation. Regulators may also explore regulatory enforcement actions, including fines or other penalties, related to this event.

Any regulatory enforcement actions, or future cyberattacks on our systems, could cause irreparable harm to our reputation and lead our current and prospective Members away from using our services. Further, we may be required to expend significant financial and operational resources in response to a security breach, including repairing system damage, increasing security protection costs by deploying additional personnel and protection technologies, and defending against and resolving legal and regulatory claims, all of which could be costly and divert resources and the attention of our management and key personnel away from our business operations.

Some of our membership products are newer and have limited operating history, which makes it difficult to forecast operating results. We may not show profitability from these newer products as quickly as we anticipate or at all.

The success of new product and service introductions depends on a number of factors, including timely and successful development, market acceptance, our ability to manage the risks associated with new product production ramp-up issues, the availability of application software for new products, the effective management of purchase commitments and vendor relationships in line with anticipated product demand, the availability of products in appropriate quantities and at expected costs to meet anticipated demand, and the risk that new products and services may have quality or other defects or deficiencies. Accordingly, we cannot determine in advance the ultimate effect of new product and service introductions and transitions. If our new products or services are not well received, or if we are unable to introduce them in a cost-effective manner, we may not be able to realize a profit on those products and services and may, in fact, recognize losses for some time. This could have an adverse effect on our financial condition and results of operations.

We are subject to payment processing risks which could adversely affect our results of operations.

We currently rely on a limited number of payment processing services, including the processing of payments from credit cards and debit cards, and our business would be disrupted if any of the vendors become unwilling or unable to provide these services to us, and we are unable to find a suitable replacement on a timely basis. If we or our processing vendors fail to maintain adequate systems for the authorization and processing of credit card transactions, it could cause one or more of the major credit card companies to disallow our continued use of their payment products. In addition, if these systems fail to work properly and, as a result, we do not charge our customers' credit cards on a timely basis, or at all, our business, financial condition and results of operations could be harmed.

The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to, or exploit weaknesses that may exist in the payment systems. There are potential legal, contractual, and regulatory risks if we are not able to properly process payments. If we are unable to comply with applicable rules or requirements for the payment methods that we accept, or if payment-related data is compromised due to an incident or a breach, we may be liable for significant costs incurred by payment card issuing banks and other third parties, subject to fines and higher transaction fees, subject to potential litigation or enforcement action, or our ability to accept or facilitate certain types of payments may be impaired.

In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. If we fail to adequately control fraudulent credit card transactions, we could face civil liability, diminished public perception of our security measures, and significantly higher credit card-related costs, each of which could harm our business, financial condition and results of operations.

Rising inflation and interest rates may affect demand for our products and services.

Global economic conditions, including increases in inflation and interest rates, have resulted in uncertainty in consumer discretionary spending, employment decreases and overall volatility in the financial markets. These unfavorable economic conditions have lead, and in the future may lead, consumers to reduce their spending on collectible cars and services, which in turn could lead to a decrease in the demand for our products and services. Our sensitivity to economic cycles and any related fluctuation in consumer demand may have a material adverse effect on our business, results of operations, and financial condition.

Rising interest rates increase our cost of borrowing and could adversely affect our results of operations.

The Federal Reserve Board significantly increased the federal funds rate in 2022 and has indicated that further rate increases may be announced in the short-term to combat rising inflation in the United States. Such rate increase have a corresponding impact to our costs of borrowing and may have an adverse impact on our ability to raise funds through the offering of our securities or through the issuance of debt due to higher debt capital costs, diminished credit availability, and less favorable equity markets. Any significant additional federal fund rate increases may have a material adverse effect on our business, results of operations, and financial condition.

As we continue to grow operations in different geographic locations, additional risk related to foreign currencies may have an impact on revenue and our results of operations.

We have foreign operations, and in some instances, collect from customers in foreign currencies. The exchange rates we use to consolidate our foreign entities may be less favorable to us than the actual exchange rates used to convert the funds into U.S. dollars. These foreign exchange risks could have a material negative impact on our financial condition and results of operations.

Our technology platforms may not function properly, which might subject us to loss of business and revenue, breach of contractual obligations, and place us out of compliance with state and federal rules and regulations.

We utilize numerous technology platforms throughout our business for various functions, including to gather Member data in order to determine whether or not to write and how to price our insurance products, to process many of our claims, to issue and service our membership products, and to provide valuation services. We use proprietary artificial intelligence algorithms in minimal circumstances within our underwriting processes for efficiency. Our technology platforms are expensive and complex. The continuous development, maintenance, and operation of our technology platforms may entail unforeseen difficulties, including material performance problems or undetected defects or errors. We may encounter technical obstacles, and it is possible that we may discover additional problems that prevent our technology from operating properly. If our platforms do not function reliably, we may incorrectly select our Members, bill our Members, price insurance products, or incorrectly pay or deny insurance claims made by our Members. These errors could result in inadequate insurance premiums paid relative to claims made, resulting in increased financial losses. These errors could also cause Member dissatisfaction with us, which could cause Members to cancel or fail to renew their insurance policies with us or make it less likely that prospective Members obtain new insurance policies from us. Additionally, technology platform errors may lead to unintentional bias and discrimination in the underwriting process, which could subject us to legal or regulatory liability and harm our brand and reputation. Any of these eventualities could result in a material adverse effect on our business, financial condition and results of operations.

Our future success depends on the ability to continue to develop and implement technology, and to maintain the confidentiality of this technology.

Our future success depends on our ability to continue to develop, implement, and maintain the confidentiality of our proprietary technology. Changes to existing laws, their interpretation or implementation, or the introduction of new laws could impede our use of this technology or require that we disclose our proprietary technology to our competitors, which could negatively impact our competitive position and result in a material adverse effect on our business, financial condition and results of operations. In most jurisdictions, government regulatory authorities have the power to interpret and amend laws and regulations applicable to the processing of data. Such authorities may require us to incur substantial costs in order to comply with such laws and regulations. Regulatory statutes are broad in scope and subject to differing interpretation. In some areas of our business, we act on the basis of our own or the industry's interpretations of applicable laws or regulations, which may conflict from jurisdiction to jurisdiction. In the event those interpretations eventually prove different from the interpretations of regulatory authorities, we may be penalized or precluded from carrying on our previous activities. Our errors and omissions in insurance coverage covering certain security and privacy damages and claim expenses may not be sufficient to compensate for all liabilities we may incur.

We may not be able to prevent or address the misappropriation of Hagerty-owned data.

From time to time, third parties may misappropriate our data through website scraping, bots, or other means and aggregate this data on their websites with data from other companies. In addition, copycat websites or mobile apps may misappropriate data and attempt to imitate our brand or the functionality of our website or our mobile app. If we become aware of such websites or mobile apps, we intend to employ technological or legal measures in an attempt to halt their operations. However, we may be unable to detect all such websites or mobile apps in a timely manner and, even if we could, technological and legal measures may be insufficient to halt their operations.

In some cases, particularly in the case of websites operating outside of the U.S., our available remedies may not be adequate to protect us against the effect of the operation of such websites or mobile apps. Regardless of whether we can successfully enforce our rights against the operators of these websites or mobile apps, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, financial condition or results of operations. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.

Changes in social attitudes may make ownership of collector vehicles less desirable, leading to a drop in demand for our products and services.

Changing consumer preferences and social attitude toward options such as electric vehicles and/or autonomous driving could have a material impact on our business. The traditional business model of car sales is starting to be complemented by a range of diverse, on-demand mobility solutions, especially in dense urban environments that proactively discourage private-car use. This shift, along with a significant rise in the annual growth of car sharing members and autonomous and electric vehicles in the markets we currently conduct business, could have a trickle-down effect to the collector car space and create a drop in demand for our products and services, which could have a material adverse effect on our business, financial condition and results of operations.

An inadequate strategy to address and respond to issues of diversity, equity, and inclusion could leave us insufficiently prepared for significant cultural shifts affecting our marketplace and may create a negative brand image, leading to the alienation of our employees and clients.

Companies must achieve diversity if they want to acquire and retain talent, build employee engagement, and improve business performance. Diversity, equity, and inclusion have been shown to drive higher innovation, enhanced job performance, less employee turnover, and greater profits. If there is not a focus on developing a cohesive strategy to create a sense of belonging with clear and impactful diversity, equity, and inclusion initiatives, we could potentially put ourselves in a position where our brand and/or sales are impacted as a result of a failure to create a successful strategy.

Performance of our investment portfolio is subject to a variety of investments risks that may adversely affect our financial results.

Our results of operations depend, in part, on the performance of our investment portfolio. We seek to hold a portfolio of investments in accordance with our investment policy and routinely reviewed by our Investment Committee.

The significant majority of our investment portfolio is invested in cash and cash equivalents and fixed maturity securities. This portfolio mix may change over time if we elect to diversify our holdings into other asset classes. In recent years, interest rates have been at or near historic lows, however, throughout 2022, interest rates have steadily risen. Should the recent rate increases cease or decline, including as a result of steps taken by the federal government to slow inflation, such as the passage of the Inflation Reduction Act of 2022, a low interest rate environment would continue to place pressure on our net investment income, particularly as it relates to these securities and short-term investments, which, in turn, may adversely affect our operating results. Recent and future increases in interest rates could cause the values of our fixed income securities portfolios to decline, with the magnitude of the decline depending on the duration of securities included in our portfolio and the amount by which interest rates increase. Some fixed income securities have call or prepayment options, which create possible reinvestment risk in declining rate environments. Other fixed income securities, such as mortgage-backed and asset-backed securities, carry prepayment risk or, in a rising interest rate environment, may not prepay as quickly as expected.

Risks for all types of securities are managed through the application of our investment policy, which establishes investment parameters that include, but are not limited to, maximum percentages of investment in certain types of securities and minimum levels of credit quality. We cannot be certain that our investment objectives will be achieved, and results may vary substantially over time. In addition, although we seek to employ investment strategies that are not correlated with our insurance and reinsurance exposures, losses in our investment portfolio may occur at the same time as underwriting losses and, therefore, exacerbate the adverse effect of the losses on us.

We may require additional capital in the future, which may not be available or may only be available on unfavorable terms. We may also encounter difficulty in obtaining funds to meet our commitments.

We are exposed to the credit risk, or liquidity risk, through our banking partners. If we were to experience operating losses and are not able to generate additional liquidity through a capital raise or other cash infusion, we may need to secure additional sources of funds, which may or may not be available. Additionally, a failure to generate additional liquidity could negatively impact our ability to operate our business.

To the extent that cash flows generated by our operations are insufficient to fund future operating requirements, or that our capital position is adversely impacted by a decline in the fair value of our investment portfolio, losses from catastrophic events or otherwise, we may need to raise additional funds. We also may be required to liquidate fixed maturity securities, which may result in realized investment losses. Any further sources of capital, including capacity needed for letters of credit, if available at all, may be on terms that are unfavorable to us. Our access to additional sources of capital will depend on a variety of factors, such as market conditions, the general availability of credit, the availability of credit to the industries in which we operate, our financial condition, results of operations, credit ratings and credit capacity, as well as pending litigation or regulatory investigations. Our ability to borrow under our revolving credit facility and letter of credit facilities is contingent on our compliance with the covenants and other requirements under those facilities. Similarly, our access to capital may be impaired if regulatory authorities or rating agencies take negative actions against us. Additionally, to reduce the risk of a bank failure, we engage only with high-quality counterparties with high credit ratings. Our inability to obtain adequate capital when needed could have a negative impact on our ability to invest in, or take advantage of opportunities to expand our businesses, such as possible acquisitions or the creation of new ventures, and inhibit our ability to refinance our existing indebtedness on terms acceptable to us. Any of these effects could have a material adverse effect on our financial condition and results of operations.

Our day-to-day operations create transactions, events, and conditions that may give rise to the need for accounting estimates to be recognized or disclosed in the financial statements. There is a risk that these estimates could create a material misstatement for accounting purposes.

The preparation of our financial statements requires us to make estimates and assumptions affecting the reported amounts of our assets, liabilities, revenues and expenses. If these estimates or assumptions are incorrect, it could have a material adverse effect on our results of operations and/or financial condition. We have identified several accounting estimates as being "critical" to the fair presentation of our financial condition and results of operations because they involve major aspects of our business and require us to make judgments about matters that are inherently uncertain. Refer to "Critical Accounting Estimates" within Item 7 of Part II of this Annual Report on Form 10-K for additional information.

The COVID-19 pandemic has caused, and may continue to cause, a disruption to our operations and may impact our business, key metrics, and results of operations in numerous ways that remain unpredictable.

COVID-19 has had, and may continue to have, material effects on our operations. Factors that give rise, or may give rise, to those effects include, or may include, the following, as well as others that we cannot predict.

- Executive, legislative or regulatory mandates or judicial decisions which are unknown to us that may require increased levels of insurance or may extend the scope of insurance coverages.
- Regulatory actions such as:
    - prohibiting or postponing the cancellation or non-renewal of insurance policies in accordance with policy terms or requiring renewals on current terms, conditions, previous rates, or at a rate decrease;
    - requiring the coverage of losses irrespective of policy terms or exclusions;
    - requiring or encouraging premium refunds;
    - granting extended grace periods for premium payments; and
    - extending due dates to pay past due premiums.
- Disruptions, delays, and increased costs and risks related to working remotely, having limited or no access to our facilities, workplace re-entry, employee safety concerns, and reductions or interruptions of critical or essential services. Those effects may include, among others:
    - exposure to additional and increased risks related to internal controls, data security, and information privacy, for both us and for our suppliers, vendors, and other third-parties with whom we do business;
    - illnesses suffered by key employees, or a significant percentage of our workforce or the workforce of our agents, brokers, suppliers, or outsourcing providers, which could prevent or delay the performance of critical business functions;
    - illnesses suffered by employees who have continued to work, or who have or will return to work, in our facilities may expose us to increased risk of employment related claims and litigation;
    - reduced demand for our insurance and non-insurance products, events, and services due to reduced global economic activity, which could adversely impact our revenues and cash flows; adverse impacts on our revenues and cash flows due to premium refunds or delayed receipt of premium payments or delayed payment of reinsurance recoverables; and
    - expedited claims payments in response to regulatory requirements.
- Increases in the number of potential fraudulent claims made under insurance policies due to the economic hardships experienced by companies and individuals as a result of COVID-19.
- Increases in local, state, and federal taxes to pay for costs incurred by governmental expenditures associated with COVID-19.

One or more of these factors resulting from the COVID-19 pandemic, and others we cannot anticipate, could have material adverse effects on our financial condition and results of operations; and the extent of these effects will depend, at least in part, on the scope, severity, duration, and subsequent recurrences of the pandemic. In addition, we may take steps to mitigate potential risks or liabilities that may arise from COVID-19 and related developments, and some of those steps may have a material adverse effect on our financial condition and results of operations. Even if an unfavorable outcome does not materialize, these factors and actions we may take in response may have a material adverse impact on our reputation and result in substantial expense and disruption.

In addition, it is important to note and emphasize, COVID-19 also may have the effect of triggering or intensifying many of the risks described elsewhere in the Risk Factors.

Risks Related to Our Insurance Services

The insurance products that we develop and sell for our underwriting carriers are subject to regulatory approval, and we may incur significant expenses in connection with the development and filing of new products before revenue is generated from new products.

The insurance products that we develop and sell require regulatory approvals in each respective jurisdiction. This product development and filing cycle can take time. The product development and filing process can be challenging and expensive. The process can also be delayed, given the unknown timelines in which insurance departments might take to review and approve filings. Questions and objections from insurance departments can also delay the product launch date. Moreover, there could be an inability to obtain regulatory approval on a product filing.

The nature of the product development and filing cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we generate revenues, if any, from the new products. If we spend a significant amount of resources on research and development, and our efforts do not lead to the successful introduction or improvement of products that are competitive in the marketplace, this could materially and adversely affect our business and results of operations.

Additionally, there could be a change in the anticipated Member demand for a product we are developing before the product is released. Member demand could decrease after the development cycle has begun. A decrease in Member demand for a new or improved product could cause us to fall short of our sales targets, and we might not be able to avoid the substantial costs associated with the product's development or improvement. If we are unable to complete product development and filing cycles successfully, in a timely manner, that meets Member demand for new or improved products, and generate revenues from these future products, the growth of our business could be harmed.

As a managing general agency/underwriter, we operate in a highly regulated environment for our insurance product distribution and face risks associated with compliance requirements, some of which cause us to make judgment calls that could have an adverse effect on us.

The insurance industry in which we operate is subject to extensive regulation. We are subject to regulation and supervision both federally and in each applicable local state or provincial jurisdiction. In general, these regulations are designed to protect Members, policyholders, and insureds and to protect the integrity of the financial markets, rather than to protect stockholders or creditors. Our ability to conduct business in these jurisdictions depends on our compliance with the rules and regulations promulgated by federal and state or provincial regulatory bodies and other regulatory authorities. Maintaining compliance with rules and regulations is often complex and challenging, and it sometimes requires us to make determinations that require judgments regarding uncertain issues that ultimately may be resolved differently than we have determined, which could have an adverse effect on us.

We may not be able to adapt effectively and timely to any changes in law.

A failure to comply with regulatory requirements, or changes in regulatory requirements or interpretations, can result in actions by regulators, potentially leading to penalties and enforcement actions, and in extreme cases, revocation of an authority to do business in one or more jurisdictions. This could result in adverse publicity and potential damage to our brand and reputation in the marketplace. In addition, we could face lawsuits by Members and other parties for alleged violations of these laws and regulations.

State insurance laws grant supervisory agencies, including state insurance departments, broad administrative authority. Canadian, Bermuda, and U.K. insurance regulators and, in the U.S., state insurance regulators and the National Association of Insurance Commissioners continually review existing laws and regulations, some of which affect our business. These supervisory agencies regulate many aspects of the insurance business, including the licensing of insurance brokers and agents and other insurance intermediaries; the handling of third-party funds held in a fiduciary capacity; and trade practices, such as marketing, advertising, and compensation arrangements entered into by insurance brokers and agents. Individuals who engage in the solicitation, negotiation, or sale of insurance, or provide certain other insurance services, generally are required to be licensed individually. Insurance laws and regulations govern whether licensees may share commissions with unlicensed entities and individuals. We believe that generally any payments we make to third parties are in compliance with applicable laws. However, should any regulatory agency take a contrary position and prevail, we will be required to change the manner in which we pay fees to individuals and entities for placing insurance policies through us.

Regulatory review or the issuance of interpretations of existing laws and regulations may result in the enactment of new laws and regulations that could adversely affect our operations or our ability to conduct business profitably. It is difficult to predict whether, and to what degree, changes resulting from new laws and regulations will affect the industry or our business.

We do business with a limited number of key underwriting carrier partners in our insurance markets, and we may not be able to find suitable replacements for our existing carriers.

We work with a limited number of carriers in the U.S., Canada, and the U.K. for our personal lines insurance products, and there is a risk that if one or more of the carriers becomes impaired or terminates its relationship with us that our profitability may be adversely affected. If a carrier partner relationship terminates or there is loss of strategic support or alignment, we may be unable to transition to a new relationship without disruption, increased cost, lost profits, or lost market share, or a combination of the foregoing.

We derive a large portion of our revenue from commissions and quota share reinsurance on the sale of personal lines insurance products in the U.S. through our exclusive relationship with Essentia, in Canada through our relationship with Aviva's Canadian subsidiary, Elite Insurance Company, and in the U.K., primarily through our relationship with Markel. If these carriers were to experience liquidity problems or other financial (such as rating agency downgrades) or operational difficulties, we could encounter business disruptions as a result, and our results of operations may suffer.

Our contract with Markel, and our contract with State Farm regarding the upcoming State Farm Classic+ program, contain provisions that allow those partners to terminate our agreements with them at any time upon the occurrence of a change of control. One of the events triggering a change of control would occur if the Hagerty family ceases to own shares representing a majority of our voting power. Accordingly, if we experience a change of control, including as a result of the Hagerty family's sale of a sufficient number of shares to result in their controlling less than a majority of their voting power, we could lose our agreements with one or both of these partners, which could have a material adverse effect on our business, operations and financial results.

A regulatory environment that requires rate increases to be approved and that can dictate underwriting and pricing and mandate participation in loss sharing arrangements may adversely affect our financial condition and results of operations.

Political events and positions can affect the insurance market on occasion, including efforts to reduce rates to a level that may prevent us from being profitable or may not allow us to reach our goals. If the loss ratio for the insurance programs that we administer is favorable to that of the industry, regulatory authorities could impose rate restrictions, require payment of premium refunds to policyholders, or could challenge or delay efforts to raise rates. Rate changes may be required for us to achieve our goals related to profitability and return on equity. If we were to experience challenges in obtaining approvals for rate changes, that could limit us in reaching our targeted goals and profitability. For example, with COVID-19, state regulators and legislators were under increased political pressure to provide financial relief to policyholders, and several states did require premium relief/refunds, depending on loss severity and frequency, while other states highly recommended that premium relief/refunds be given to policyholders. Additionally, certain states have enacted laws that require an insurer conducting business in that state to participate in assigned risk plans, reinsurance facilities, and joint underwriting associations. Certain states also require insurers to offer coverage to all consumers, often restricting an insurer's ability to charge the price it might otherwise charge. Laws and regulations of many states also limit an insurer's ability to withdraw from one or more lines of insurance there, except pursuant to a plan that is approved by the state insurance department. This limitation can prolong and provide additional challenges for strategic business plans related to conversions, transfers, and book rolls. Although we are not an insurer, our business, financial condition or results of operations could be adversely affected by any of these factors, as they are applicable to the insurance programs we administer.

The underwriting companies that we work with, and our insurance agencies, are periodically subject to examinations and audits by insurance regulators, which could result in adverse findings, enforcement actions, require payments of fines or penalties, and necessitate remedial actions.

In the U.S., our insurance agencies operate as an MGA for Essentia and will perform in a Managing General Underwriter capacity for State Farm Classic Insurance Company to service the upcoming State Farm Classic+ program. Essentia is currently domiciled in Missouri and has a classic auto insurance program and a classic boat insurance program in all 50 United States, plus the District of Columbia. We operate as the MGA for the programs in all 51 jurisdictions. We also operate a similar auto insurance program in Canada (underwritten by Elite Insurance Company) and in the U.K. (primarily underwritten by Markel International Insurance Company Limited, a wholly owned subsidiary of Markel).

Additionally, under its license as a Class 3A insurer, Hagerty Re must meet and maintain the relevant solvency margin, and liquidity and other ratios applicable under Bermuda law. Hagerty Re's license limits it to accepting only business produced through our managing general agency/underwriters that is underwritten by carriers rated A- or better by A.M. Best or similar rating agency.

Insurance regulators periodically subject the underwriting companies that we work with to do audits and examinations to assess compliance with applicable laws and regulations, financial condition, and the conduct of regulated activities. These examinations and audits may be conducted during a jurisdiction's normal review cycle, or because of a targeted investigation. Our insurance agencies can also be subject to regulatory audits and exams. A formal examination or audit provides insurance regulators with a significant opportunity to review and scrutinize the underwriting companies we work with, the insurance programs we administer, and our operations.

As a result of an examination or an audit, an insurance regulator could determine that an underwriting company's financial condition or capital resources are less than satisfactory. An insurance regulator could also determine that there are other aspects of either the underwriting company or our operations that are less than satisfactory, or that either us or the underwriting company that we work with are in violation of applicable laws or regulations. These types of examination or audit findings could lead an insurance regulator to require either us or the underwriting company that we work with to take one or more remedial actions or otherwise subject us to regulatory scrutiny, impose fines and penalties, or take further actions.

We cannot predict with precision the likelihood, nature, or extent, including the associated costs, of any necessary remedial actions, or any financial impact that could result from an examination or audit. Any regulatory or enforcement action or any regulatory order imposing remedial, injunctive, or other corrective action against us or any of the underwriting companies we work with resulting from these examinations or audits could have a material adverse effect on our business, reputation, financial condition and results of operations.

We rely on external data and our digital platform to collect and evaluate information that we utilize in producing, pricing, and underwriting insurance policies (in accordance with the rates, rules, and forms filed with regulators, where required), managing claims and customer support, and improving business processes. Any future legal or regulatory requirements that might restrict our ability to collect or utilize this data could potentially have an adverse effect on our business, financial condition, and prospects.

We use our digital platform to collect data points that we evaluate in pricing and underwriting insurance policies, managing claims and customer support, and improving business processes. Our business model is dependent on our ability to collect vehicle usage and driving data. If federal, state, or international regulators were to determine that the type of data we collect, the process we use for collecting this data, or how we use it, unfairly discriminates against a protected class of people, regulators could move to prohibit or restrict our collection or use of this data. In addition, if legislation were to restrict our ability to collect driving data, it could impair our capacity to underwrite insurance cost effectively, negatively impacting our revenue and earnings.

The insurance business, including the market for property and casualty insurance, is historically cyclical in nature, and there may be periods with excess underwriting capacity and unfavorable premium rates, which could adversely affect our business.

We operate primarily in North America and the seasonality of driving in that region has caused a large portion of our revenue to be generated in the spring and summer months of each year. This in turn impacts operational cash flows and could produce volatility in our earnings. Fluctuations in our operating results could be due to a number of other factors, many of which may be outside of our control, including competition, frequency and severity of catastrophic events, levels of capacity, adverse litigation trends, regulatory constraints, general economic conditions, and agreement on underwriting appetite with our carrier partners, and other factors. The supply of insurance is related to prevailing prices, the level of insured losses, and the level of capital available to the industry that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the insurance industry. As a result, the auto insurance business historically has been a cyclical industry characterized by periods of intense price competition due to excessive underwriting capacity, as well as periods when shortages of capacity increased premium levels. We operate in a specialty sector of the auto insurance market and need to be mindful of these and other factors which could impact our operations. Demand for insurance depends on numerous factors, including the frequency and severity of catastrophic events, levels of capacity, the introduction of new capital providers, and general economic conditions. All of these factors fluctuate and may contribute to price declines generally in the insurance industry. We cannot predict with certainty whether market conditions affecting the auto insurance market and the insurance market in general will improve, remain constant, or deteriorate. Negative market conditions may impair our ability to underwrite insurance at rates we consider appropriate and commensurate relative to the risk assumed. Additionally, negative market conditions could result in a decline in policies sold, an increase in the frequency or severity of claims and premium defaults, and an uptick in the frequency of fraud, including the falsification of claims. If we cannot underwrite insurance at appropriate rates, our ability to transact business will be materially and adversely affected. Any of these factors could lead to an adverse effect on our business, financial condition and results of operations.

The reinsurance that Hagerty Re purchases to protect against catastrophic and large losses may be unavailable at current coverage terms, limits, or pricing.

The business that Hagerty Re reinsures is exposed to catastrophic events that are inherently unpredictable and may cause capacity in the reinsurance market to become scarcer leading to rate increases or changes in coverage terms, or a combination of both. This in turn may cause Hagerty Re to retain more risk, be unable to accept risk and grow, or require greater capital investment that may not be available, in each case resulting in lower profits, as well as a material effect on our financial condition and results of operations.

Unexpected increases in the frequency or severity of claims may adversely affect our operations and financial condition.

We may experience increases in claim frequency on occasion. Short-term trends with an increase in claim frequency may not continue over the longer term. Any changes in claim frequency might be derived from changes in miles driven, driving behaviors, macroeconomics, weather-related events, or other factors. A significant increase in claim frequency could have an adverse effect on our financial condition and results of operations.

We could also experience increases in the severity of claims. Changes in bodily injury claim severity can be impacted by inflation in medical costs, litigation trends and precedents, regulation, and the overall safety of automobile travel. Changes in auto property damage claim severity can be driven by inflation in the cost to repair vehicles, including parts and labor rates, the mix of vehicles that are declared total losses, the availability of parts to repair vehicles, and an increase in value for collector vehicles. Unanticipated increases in claim severity can arise from events that are inherently difficult to predict. Although we pursue various loss management initiatives to mitigate future increases in claim severity, these initiatives may not successfully identify or reduce the effect of future increases in claim severity. A significant increase in claim severity could have an adverse effect on our financial condition and results of operations.

Severe weather events, catastrophes, and unnatural events are unpredictable, and we may experience losses or disruptions from these events.

Our business may be exposed to catastrophic events such as tornadoes, tsunamis, tropical storms (including hurricanes), earthquakes, windstorms, hailstorms, severe thunderstorms, wildfires and other fires, as well as non-natural events such as explosions, riots, pandemics, terrorism, or war, which could cause operating results to vary significantly from one period to the next. We may incur catastrophe losses in our business in excess of: (1) those experienced in prior years, (2) the average expected level used in pricing, (3) current reinsurance coverage limits, or (4) loss estimates from external tornado, hail, hurricane, and earthquake models at various levels of probability. In addition, we are subject to Member insurance claims arising from weather events such as winter storms, rain, hail, and high winds.

The incidence and severity of weather conditions are largely unpredictable. There is generally an increase in the frequency and severity of Member insurance claims when severe weather conditions occur. The incidence and severity of severe weather conditions and catastrophes are inherently unpredictable and the occurrence of one catastrophe does not render the possibility of another catastrophe greater or lower. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. In particular, severe weather and other catastrophes could significantly increase our costs due to a surge in claims following such events and/or legal and regulatory changes in response to catastrophes that may impair our ability to limit our liability under our policies. Severe weather conditions and catastrophes can cause greater losses, which can cause our liquidity and financial condition to deteriorate. In addition, reinsurance placed in the market also carries some counterparty credit risk.

Climate change may affect the occurrence of certain natural events, such as an increase in the frequency or severity of wind and thunderstorm events, eruptions of volcanoes, and tornado or hailstorm events due to increased convection in the atmosphere; more frequent wildfires and subsequent landslides in certain geographies; higher incidence of deluge flooding and the potential for an increase in severity of the hurricane events due to higher sea surface temperatures. Additionally, climate change may cause an impact on the demand, price and availability of insurance, as well as the value of our investment portfolio. Due to significant variability associated with future changing climate conditions, we are unable to predict the impact climate change will have on our business.

If the risks within the insurance programs that we offer on behalf of our underwriting carriers are not priced and underwritten accurately with competitive, yet profitable, rates, our business and financial condition could be adversely affected.

As an MGA for Essentia, we operate under delegated underwriting authority in the U.S. In general, the premiums for the insurance policies in our program are established at the time a policy is issued and, therefore, before all of the underlying costs are known. The accuracy of the pricing is subject to our ability to adequately assess risks, estimate losses, and comply with insurance laws and regulations. Like others in the industry, we rely on estimates and assumptions in setting the premium rates. We also utilize the data that we gather through our interactions with Members.

Establishing adequate premium rates is necessary, together with investment income, if any, to generate sufficient revenue to offset losses, loss adjustment expenses, and other costs. If we do not accurately assess the risks that are underwritten, adequate premiums may not be charged to cover losses and expenses, which would adversely affect our results of operations and our profitability. Moreover, if we determine that the prices are too low, insurance regulations may prevent non-renewing insurance contracts, non-renewing Members, or raising prices. Alternatively, we could set the premiums too high, which could reduce our competitiveness and lead to lower revenues, which could have a material adverse effect on our business, financial condition and results of operations.

Pricing involves the acquisition and analysis of historical loss data and the projection of future trends, loss costs, expenses, and inflation trends, among other factors, for each of the products in multiple risk levels and many different markets. In order to accurately price the policies, we must, among other factors:

- collect and properly and accurately analyze a substantial volume of data from our Members;
- develop, test, and apply appropriate actuarial projections and rating formulas;
- review and evaluate competitive product offerings and pricing dynamics;
- closely monitor and timely recognize changes in trends;
- project both frequency and severity of our Members' losses with reasonable accuracy; and
- in many jurisdictions, obtain regulatory approval for the resulting rates.

We may not have success in implementing a pricing methodology accurately in accordance with our assumptions. Our ability to accurately price policies is subject to a number of risks and uncertainties, including, but not limited to:

- insufficient, inaccurate, or unreliable data;
- incorrect or incomplete analysis of available data;
- uncertainties generally inherent in estimates and assumptions;
- our inability to implement appropriate actuarial projections and rating formulas or other pricing methodologies;
- incorrect or incomplete analysis of the competitive environment;
- regulatory constraints on rate increases or coverage limitations;
- our inability to accurately estimate investment yields and the duration of our liability for loss and loss adjustment expenses; and
- unanticipated litigation, court decisions, and legislative or regulatory actions or changes to the existing regulatory landscape.

To address the potential errors or desired or required changes in our current business model, we may be compelled to increase the amount allocated to cover policy claims, or to address other economic factors resulting in an increase in future premium rates, or to additionally or alternatively adopt different underwriting standards. Any of these changes may result in a decline in new business and renewals and, as a result, have a material adverse effect on our business, results of operations and financial condition.

Reinsurance subjects Hagerty Re to counterparty risk where reinsurers fail to pay or timely pay claims due to insolvency or otherwise fail to honor their obligations.

Hagerty Re is legally obligated to pay claims under the reinsurance agreements where Hagerty Re has assumed risk, regardless of whether Hagerty Re is able to secure its own reinsurance for ceded reinsurance coverages. If one or more of Hagerty Re's reinsurance providers go insolvent or default in payment when reimbursement is sought by Hagerty Re, this may have a material effect on Hagerty Re's results of operations and financial condition as well as its ability to accept risk. Such an event may cause Hagerty Re to require capital investments that may not be available.

Unexpected changes in the interpretation of coverage or provisions, including loss limitations and exclusions, in the insurance policies we sell and service could have a material adverse effect on our financial condition and operations.

We have specifically negotiated loss limitations and exclusions in the policies we sell and service, and these limitations and exclusions may not be enforceable in the manner we intend. As industry practices and legal, judicial, social, and other conditions change, unexpected and unintended issues related to claims and coverage may emerge. While these limitations and exclusions help us assess and mitigate our loss exposure, it is possible that a court or regulatory authority could nullify or void a limitation or exclusion, or legislation could be enacted modifying or barring the use of such limitations or exclusions. These types of governmental actions could result in higher than anticipated losses and loss adjustment expenses, which could have a material adverse effect on our financial condition or results of operations. In addition, court decisions have eliminated long standing coverage limitations by a narrow reading of policy exclusions. Under the insurance laws, the insurer typically has the burden of proving an exclusion applies and any ambiguities in the terms of a loss limitation or exclusion provision are typically construed against the insurer. These types of cases and the issues they raise may adversely affect our business by either broadening coverage beyond our underwriting intent or by increasing the frequency or severity of claims. In some instances, these changes may not become apparent until sometime after we have issued insurance contracts that are affected by the changes. As a result, the full extent of liability under the insurance contract may not be known for many years after a contract is issued. There could also be additional exposure with claims for other household vehicles that are not covered under an insurance policy issued by us, such as for someone's regular use vehicle. It is possible that our underwriting companies that we write business through may share in liability with these types of claims on certain instances.

Hagerty Re's actual ultimate loss liability could potentially be greater than our loss and loss adjustment expense reserves, which could have a material adverse effect on our financial condition and results of operations.

Significant periods of time often elapse between the occurrence of an insured or reinsured loss, the reporting of the loss to us, and our payment of that loss. To recognize liabilities for unpaid losses, we establish reserves as balance sheet liabilities representing estimates of amounts needed to pay reported and unreported losses and the related loss adjustment expenses. The process of estimating loss reserves is a difficult and complex exercise involving many variables and subjective judgments. As part of the reserving process, we review historical data and consider the impact of such factors as:

- trends in claim frequency and severity;
- changes in operations;
- emerging economic and social trends;
- trends in insurance rates;
- inflation or deflation; and
- changes in the regulatory and litigation environments.

This process assumes that past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. There is no precise method, however, for evaluating the impact of any specific factor on the adequacy of reserves, and actual results will differ from original estimates. As part of the reserving process, we regularly review our loss reserves and make adjustments as necessary. Future increases in loss reserves for our underwriting operations will, and for our program's services operations may, result in additional charges to earnings, which may be material. Our estimates could prove to be inadequate, and this underestimation could have a material adverse effect on our financial condition.

Hagerty Re is required to maintain its reserves and financial condition in accordance with Bermuda law and the Bermuda Solvency Capital Requirement ("BSCR") administered by the Bermuda Monetary Authority ("BMA"). Inadequate reserves may adversely affect earnings, as well as the ability to continue to accept risk, and Hagerty Re's ability to maintain its financial condition and meet solvency requirements with possible loss of its license in Bermuda. Under Bermuda law, Hagerty Re is prohibited from declaring or making payment of a dividend if it fails to meet its minimum solvency margin or minimum liquidity ratio. Prior approval from the BMA is also required if Hagerty Re's proposed dividend payments would exceed 25% of its prior year-end total statutory capital and surplus.

Our expansion into different insurance products and jurisdictions may subject us to additional costs and expenses, and our plans might not be as profitable as projected.

We believe that the growth of our business and revenue depends in part upon our ability to: (i) retain our existing Members and add new Members in our current, as well as new, geographic markets; (ii) add new insurance programs and products; and (iii) add to and continue to grow our offering of non-insurance automotive enthusiast-related products.

Expanding into new geographic markets and introducing new products takes time, requires us to navigate and comply with extensive regulations, and may happen more slowly than we expect or than it has occurred in the past. If we were to lose Members, our value might diminish. A future loss of Members could lead to higher loss ratios, loss ratios that cease to decline, or declining revenue — any of which would adversely impact our profitability. If we are unable to remain competitive on Member experience, pricing, or insurance coverage options, our ability to grow and retain our business may also be adversely affected. In addition, we might not be able to accurately predict risk segmentation of new and renewal Members or potential Members, which could also reduce our profitability.

While a key part of our business strategy is to retain and add Members in our existing markets, we may also seek to expand our operations into new markets and new products. In doing so, we may incur losses or otherwise not be successful in entering new markets or introducing new products. Our expansion into new markets and new products may place us in unfamiliar competitive environments and involve various risks, including competition, government regulation, the need to invest significant resources, and the possibility that returns on such investments might not be achieved for several years, or at all.

We may not be successful in these efforts, and even if we are successful, these efforts may increase or create the following risks, among others:

- we might not be able to effectively use search engines, social media platforms, content-based online advertising, and other online sources for generating traffic to our website;
- potential Members in a particular marketplace could generally not meet the underwriting guidelines;
- demand for new products or expansion into new markets may not meet our expectations;
- new products and expansion into new markets may increase or change our risk exposures, and the data and models we use to manage those exposures may not be as effective as those we use in existing markets or with existing products;
- models underlying automated underwriting and pricing decisions may not be effective;
- efforts to develop new products or expand into new markets or to change commission terms may create or increase distribution channel conflicts;
- in connection with the conversion of existing policyholders to a new product, some policyholders' pricing may increase while the pricing for other policyholders may decrease, the net impact of which could negatively impact retention and profit margins;
- changes to our business processes or workflow, including the use of new technologies, may give rise to execution risk;
- our products might not be competitive in terms of Member experience, pricing, or insurance coverage options;
- there could be barriers in obtaining the governmental and regulatory approvals, licenses, or other authorizations necessary for expansion into new markets or in relation to our products (such as line, form, underwriting, and rating approvals), or such approvals contain conditions that impose restrictions on our operations (such as limitations on growth);
- our digital platform might experience disruptions;
- we could suffer reputational harm to our brand resulting from negative publicity, whether accurate or inaccurate;
- we may not be able to offer new and competitive products, to provide effective updates to our existing products, or to keep pace with technological improvements in our industry;
- we might not be able to maintain traditional retail agent relationships;
- Members may have difficulty installing, updating, or otherwise accessing our website on mobile devices or web browsers as a result of actions by us or third parties;
- Members may be unable or unwilling to adopt or embrace new technology;
- technical or other problems may frustrate the Member experience, particularly if those problems prevent us from generating quotes or paying claims in a fast and reliable manner;
- we might not be able to address Member concerns regarding the content, data privacy, and security generally or for our digital platform specifically;
- we may not identify or enter joint ventures with strategic partners or we may enter into joint ventures that do not produce the desired results; or

- there may be challenges in, and the cost of, complying with various laws and regulatory standards, including with respect to the insurance business and insurance distribution, capital and outsourcing requirements, data privacy, tax, and regulatory restrictions.

These efforts may require additional investments by us, some of which could be significant. These costs may also include hiring additional personnel, as well as engaging third-party service providers, and other research and development costs. If we grow our geographic footprint or product offering at a slower rate than expected, or if we are unable to overcome the challenges listed above, our business, financial condition and results of operations could be materially and adversely affected.

Our reliance on technology and intellectual property from third parties for pricing and underwriting insurance policies, handling claims, and maximizing automation, could cause an adverse impact on our business and operations if these third parties become unavailable or provide us with inaccurate information.

We use data, technology, and intellectual property licensed from unaffiliated third parties in certain components of our products, including insurance industry proprietary information that we license, and we may license additional third-party technology and intellectual property in the future. Any errors or defects in this third-party technology and intellectual property could result in errors that could harm our brand and business. In addition, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all. Also, should a company refuse to license its proprietary information to us on the same terms that it offers to our competitors, we could be placed at a significant competitive disadvantage. If any technology and intellectual property we license from others becomes unavailable, we may not be able to find replacement technologies at a reasonable cost or at all, which could materially harm our business and results of operations.

Denial of claims or the failure to accurately and timely pay claims on behalf of our underwriting carriers could have an adverse impact on our own business, financial condition and prospects.

We must accurately and timely evaluate and pay claims that are made under the insurance policies in our program. There are many factors that could affect our ability to pay claims accurately and timely, including the efficiency of our claims processing, the training and experience of our claim's adjusters, and our ability to develop or select and implement appropriate procedures and systems to support our claims functions.

The risks included in our insurance programs are typically those of an antique, classic, or collectable nature. Adjusting claims on these types of risks often requires specialized knowledge of collector vehicles, so our claims staff is trained to have collectable expertise to provide an efficient, yet comprehensive, claims experience. The manner in how we handle claims is a differentiating factor for our business, and an inability to be able to continue to offer a timely and comprehensive claims experience could undermine our brand and position in the insurance marketplace. Additionally, any failure to pay claims accurately or timely could also lead to regulatory and administrative actions or material litigation, loss or reduction in reinsurance recoverable, or result in damage to our reputation, any one of which could materially and adversely affect our business, financial condition, results of operations and prospects.

If our claims adjusters are unable to effectively process our volume of claims in the manner that our Members expect, our ability to grow our business while maintaining high levels of Member satisfaction could be compromised, which in turn, could adversely affect our reputation, financial condition and results of operations.

A downward change in Essentia's financial strength rating may adversely affect our ability to conduct business as currently conducted.

Essentia's ability to underwrite business is dependent upon its financial strength rating as evaluated by independent rating agencies. In the event that Essentia is downgraded, we believe our ability to write business through Essentia would be adversely affected. In the normal course of business, we evaluate Essentia's capital needs to support the amount of business it writes in order to maintain its financial strength ratings.

Hagerty Re is subject to regulatory requirements to maintain its license in Bermuda as a Class 3A insurer.

Hagerty Re is registered as a Class 3A insurer under the Bermuda Insurance Act. The BMA issues regulations and other guidance prescribing requirements that Bermuda- licensed insurance companies, like Hagerty Re, are required to comply with. For example, the BMA requires Bermuda-licensed insurers to maintain a minimum level of capital and surplus, comply with restrictions on dividends, make financial statement filings, prepare a financial condition report, maintain a head office in Bermuda from which insurance business is directed and managed and allow for the performance of certain periodic examinations of financial condition. These statutes and regulations may restrict Hagerty Re's ability to write reinsurance policies, distribute funds and pursue its investment strategy.

Under its license as a Class 3A insurer, Hagerty Re must meet and maintain the relevant solvency margin, and liquidity and other ratios applicable under Bermuda law. For example, Hagerty Re's license limits it to reinsuring business that is underwritten by carriers rated A- or better by A.M. Best or similar rating agencies. Additional operational requirements for Hagerty Re in Bermuda include:

- complying with economic substance requirements which include maintaining a principal office in Bermuda and having a certain number of Bermuda-domiciled managers involved in overseeing operations;
- obtaining prior approval for changes in ownership / transfers of shares;
- having restrictions on dividends;
- complying with Bermuda know-your-customer and anti-bribery type laws;
- having audited financial statements and being subject to BMA examination; and
- carrying out operations in accordance with its filed and approved business plan.

Failure to operate properly in accordance with Bermuda law could cause Hagerty Re's license to be restricted or revoked along with possible supervisory control of Hagerty Re and its assets and termination of reinsurance agreements with its ceding carriers. Additionally, Bermuda insurance statutes, regulations and the policies of the BMA are less restrictive than U.S. insurance statutes and regulations. Insurance supervisors in the U.S. may review Hagerty Re's activities and determine that Hagerty Re is subject to a U.S. jurisdiction's licensing requirements or determine that our U.S.-domiciled underwriting partners cannot transact business with us. Any such determination would have an adverse impact on Hagerty Re's operations and financial condition.

Risks Related to Hagerty Marketplace

If we are unable to successfully integrate the operations of Broad Arrow into Hagerty, or realize the anticipated synergies and cost savings from the Broad Arrow acquisition, the business, financial condition and results of operations of the Marketplace business vertical could be materially and adversely affected.

In January 2022, Hagerty purchased approximately 40% of the outstanding capital stock of Broad Arrow for a purchase price of $15.3 million. In August 2022, Hagerty acquired the remaining 60% outstanding equity interest of Broad Arrow and its consolidated subsidiaries (the "Acquired Business") for $73.3 million in an all-stock transaction. Broad Arrow offers services for buying, selling and financing collector cars, primarily through auctions and facilitating private sales, and enables the Company to further leverage respective product offerings under Marketplace.

The Broad Arrow acquisition involves the integration of two businesses that previously operated independently, and the unique business cultures of the two businesses may prove to be incompatible. The anticipated integration of Broad Arrow into the operations of Hagerty will be a significant undertaking and will require significant attention from our management team. It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, Member and supplier relationships, the disruption of each party's ongoing businesses, processes, and systems, or inconsistencies in standards, controls, procedures, practices, policies, and compensation arrangements, any of which could adversely affect our ability to achieve the anticipated benefits of the Broad Arrow acquisition. Our results of operations could also be adversely affected by any issues attributable to the Acquired Business's operations that arise or are based on events or actions that occurred prior to the closing of the Broad Arrow acquisition.

Broad Arrow is largely a service business in which the ability of its employees to develop and maintain relationships with potential sellers and buyers of collector cars is essential to its success. Moreover, its business is unique, making it important to retain key specialists and members of Broad Arrow's management. Accordingly, our ability to integrate Broad Arrow's business is highly dependent upon our success in retaining such qualified personnel.

The large volume of competition in the global collector car sales market and the variability of the amount, demand and quality of collector cars consigned for sale may adversely impact the business, results of operations, and financial condition of our Marketplace business vertical.

We compete with other collector car dealers to obtain valuable consignments to offer for sale either at auction or through private sale. The level of competition is intense and can adversely impact our ability to obtain valuable consignments for sale, as well as the commission margins achieved on such consignments.

The amount and quality of collector cars consigned for sale is influenced by a number of factors not within our control. The demand for collector cars is influenced not only by overall economic conditions, but also by changing trends in the collector car market as to which vehicles and provenance are most sought after and by the collecting preferences of individual collectors. These conditions and trends are difficult to predict and may adversely impact our ability to obtain and sell consigned property, potentially causing significant variability in our results of operations from period to period.

Many major consignments, and specifically single-owner sale consignments, become available only as a result of the personal circumstances of the owner, all of which are unpredictable and may cause significant variability in our results of operations from period to period.

We could be exposed to losses in the event of title, warranty or other claims related to damage or theft.

The assessment of collector cars offered for auction or private sale can involve potential claims regarding title, authenticity of chassis and vehicle identification numbers, provenance, and condition. The vehicles we sell may be subject to statutory warranties as to title or other limited warranties that cannot be disclaimed under the General Conditions of Sale that are published online or in our auction sale catalogs and the terms stated in, and the laws applicable to, agreements governing private sale transactions. Our assessment of the vehicles we offer is based on scholarship and research, but necessarily requires a degree of judgment from our collector car specialists. In the event of a title or other warranty claim against us, we may have recourse against the seller of the property and may have the benefit of insurance, but a claim could nevertheless expose us to losses and to reputational risk.

Valuable collector cars are exhibited and stored at events and facilities around the world. Although we maintain security measures at our premises, valuable property may be subject to damage or theft. The damage or theft of valuable property despite these security measures could have a material adverse impact on our business and reputation.

The limited operating history of Broad Arrow Capital ("BAC") may not represent BAC's future operating results, as minimal loan losses on the BAC loan portfolio may not be indicative of future loan loss experience and our ability to realize proceeds from the sale of collateral for Broad Arrow Capital loans may be delayed or limited.

The BAC collector car financing business has a limited operating history and has incurred minimal losses on its loan portfolio. Accordingly, despite our stringent loan underwriting standards, our current loan loss experience may not be indicative of the future performance of the loan portfolio. In situations when there are competing claims on the collateral for BAC loans and/or when a borrower becomes subject to bankruptcy or insolvency laws, our ability to realize proceeds from the sale of its collateral may be limited or delayed.

Changes to tax laws may affect the volume of collector vehicle inventory available for our Marketplace business, and increase our compliance risks.

Our collectors reside in various tax jurisdictions. Changes to tax laws or tax reporting obligations in any of these jurisdictions could adversely impact the ability and/or willingness of our collectors to sell or purchase collector cars. Additionally, we are subject to laws and regulations involving sales, use, and other indirect taxes which are assessed by various governmental authorities and imposed on certain transactions between us and our collectors. In addition, changes to the laws and regulations involving sales, use, and other indirect taxes could increase the complexity of our compliance obligations. Generally, we are not responsible for these indirect tax liabilities unless we fail to collect the appropriate amount of sales, use, or other indirect taxes. Failure to collect the correct amount of indirect tax on a transaction may expose us to claims from tax authorities.

Legal, Regulatory and Political Risks

The legal and regulatory requirements applicable to our business are extensive. If we are not able to comply, it could have an adverse effect on us. Extensive regulation and potential further restrictive regulation could increase our operating costs and limit our growth.

We are subject to extensive laws, regulations, and supervision in the jurisdictions in which we transact business. These laws are complex and subject to change. Changes can sometimes lead to additional expenses, increased legal exposure, increased required capital and surplus, delays in implementing desired rate increases or business operations, and additional limits on our ability to grow or achieve targeted goals and profitability. Our business is highly dependent on the ability to engage on a daily basis in financial and operational activities, many of which are highly complex, including, but not limited to, insurance underwriting, claim processing, and providing products and services to businesses and consumers in a hospitable and efficient manner. These activities are subject to internal guidelines and policies, as well as legal and regulatory requirements, including, but not limited to, those related to:

- privacy regulation and data security;
- anti-corruption and anti-bribery;
- domestic and international economic sanctions;
- restrictions on advertising and marketing;

- restrictions on rebating and inducements related to insurance transactions;
- restrictions on sharing insurance commissions and payments of referral fees;
- restrictions related to underwriting and pricing of insurance;
- approval of policy forms and premiums;
- restrictions on the adjustment and settlement of insurance claims;
- restrictions on the sale, solicitation, and negotiation of insurance;
- rules regarding licensing, affiliations, and appointments;
- state-mandated premium rebates, refunds, or reductions as a result of potentially lower risk exposure due to COVID-19 and related emergency orders;
- regulation of corporate governance and risk management; and
- periodic examinations of operations, finances, market conduct and claims practices.

While we believe that we have adopted adequate and effective risk management and compliance programs, compliance risks remain, especially as we become subject to additional rules and regulations. The requirement to oversee and monitor the increasing speed and volume of regulatory changes could hinder our ability to appropriately review, analyze, and implement processes to ensure compliance in a timely manner. Failure to comply with, or to obtain, appropriate authorizations or exemptions under any applicable laws and regulations could result in restrictions on our ability to do business or undertake activities that are regulated in one or more of the jurisdictions in which we conduct business. Any such failure could also subject us to fines, penalties, equitable relief, and changes to our business practices.

Future regulatory changes could limit or impact our business model.

Compliance with applicable laws and regulations is time consuming and personnel-and systems-intensive. The current political environment, and the current high level of government intervention and regulatory reform may lead to substantial new regulations and compliance obligations. Any changes in, or the enactment of new, applicable laws and regulations may increase the complexity of the regulatory environment in which we operate, which could materially increase our direct and indirect compliance costs and other expenses of doing business and have a material adverse effect on financial condition and results of operations. Although state insurance regulators have primary responsibility for administering and enforcing insurance regulations in the U.S., such laws and regulations are further administered and enforced by a number of additional governmental authorities, each of which exercises a degree of interpretive latitude, including state securities administrators; state attorneys general, as well as federal agencies including the SEC, the Financial Industry Regulatory Authority, the Federal Reserve Board, the Federal Insurance Office, the U.S. Department of Labor, the U.S. Department of Justice, and the National Labor Relations Board. Similarly, there are governmental authorities in U.K., such as the Financial Conduct Authority; the BMA in Bermuda; and numerous federal and provincial governmental and oversight organizations in Canada. Consequently, compliance with any particular regulator's or enforcement authority's interpretation of a legal issue may not result in compliance with another's interpretation of the same issue, particularly when compliance is judged in hindsight. Such regulations or enforcement actions are often responsive to current consumer and political sensitivities, which may arise after a major event. Such rules and regulations may result in rate suppression, limit our ability to manage our exposure to unprofitable or volatile risks, or lead to fines, premium refunds, or other adverse consequences.

The federal government may also regulate aspects of our business, such as the protection of consumer confidential information or the use of consumer insurance (credit) scores to underwrite and assess the risk of customers under the Fair Credit Reporting Act ("FCRA") in the U.S. Among other things, for insurance purposes, the FCRA requires that (i) there is a permissible purpose before obtaining and using a consumer report for underwriting purposes, and (ii) there is compliance with related notice and recordkeeping requirements. Failure to comply with federal requirements under the FCRA or any other applicable federal laws could subject us to regulatory fines and other sanctions. In addition, there is risk that a particular regulator's or enforcement authority's interpretation of a legal issue or the scope of a regulator's authority may change over time to our detriment. There is also a risk that changes in the overall legal environment may cause us to change our views regarding the actions we need to take from a legal risk management perspective. This would necessitate changes to our practices that may adversely impact our business.

In some cases, these laws and regulations are designed to protect or benefit the interests of a specific constituency rather than a range of constituencies. State insurance laws and regulations are generally intended to protect the interests of purchasers or users of insurance products, rather than our stockholders. Failure to comply with state insurance laws and regulations in the future could also have a material adverse effect on our business, financial condition and results of operations.

Additionally, changes in the regulatory landscape, whether it be on a state, federal, or global level, related to autonomous vehicles and regulations around petroleum-based vehicles could significantly alter our core insurance model, and we may have to make changes to our insurance program to comply with regulatory changes in this space. This would require changes to our operations, which could adversely impact our business.

Furthermore, the federal government could pass a law expanding its authority to regulate the insurance industry, expanding federal regulation over our business to our detriment. These laws and regulations may limit our ability to grow, to raise additional capital, or to improve the profitability of our business.

New legislation or legal requirements impacting the internet and the applicable use of mobile applications may affect how we communicate with our Members and could have an adverse effect on our business model, financial condition and operations.

We rely on the internet and our mobile application to execute our business strategy. We are subject to general business regulations and laws, as well as federal and state regulations and laws specifically governing the internet and the use of mobile applications in particular. Existing and future laws and regulations may impede the growth of the internet or other online services and increase the cost of providing online services. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, electronic signatures and consents, consumer protection, and social media marketing. It is at times not clear how existing laws governing issues such as property ownership, sales, and other taxes and consumer privacy apply to the internet and the use of mobile applications in particular, as the vast majority of these laws were adopted prior to the advent of the internet and the use of mobile applications and do not contemplate or address the unique issues raised by the internet. It is possible that general business regulations and laws, or those specifically governing the internet and the use of mobile applications in particular, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. For example, privacy laws govern how data can be collected, shared, transferred across borders from the E.U./U.K. to the U.S., and stored/deleted. As new privacy and cybersecurity laws, regulations and expectations come online, our compliance obligations mount and our ability to market to and reach Members can be affected, potentially leading to lower revenue and Member growth. At the same time, plaintiffs are increasingly using pre-existing laws to bring class action claims based on new technologies, some of which are part of our marketing efforts. We cannot be sure that our practices have complied, currently comply, or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business, and proceedings or actions against us by governmental entities or private litigants. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, and decrease the use of our mobile application or website by consumers and suppliers and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations.

Our intellectual property rights are extremely valuable and if they are not properly protected, our products, services, and brand could be adversely impacted.

As we continue expanding our development of intellectual property across all channels, we may be unable to adequately protect and/or obtain appropriate rights, leading to increased risk. Competitors may target certain products or services and seek to assert competing rights. If appropriate contractual measures are not maintained, employees, contractors, and vendors may divulge trade secrets or claim ownership over our intellectual property.

New legislation or legal requirements impacting the use of petroleum-based and/or supporting autonomous vehicles could significantly challenge and impact our core insurance model and company purpose.

A significant majority of our Members currently drive gas-powered vehicles and engage in automotive enthusiast activities where they are able to drive and enjoy their vehicles. Changes in the law that create higher barriers to the use and enjoyment of their vehicles may in turn reduce the need or desire for many of our products and services, leading to lost revenue and lower profits and the inability to deliver on our purpose in an impactful manner.

Risks Relating to Ownership of Our Securities

Our stock may be diluted by future issuances of additional Class A Common Stock in connection with our incentive plans, acquisitions or otherwise; future sales of such shares in the public market or the expectations that such sales may occur could lower our stock price.

We may issue additional shares of Class A Common Stock in several ways:

By the Board. Our Amended and Restated Charter authorizes us to issue shares of our Class A Common Stock and options, rights, warrants and appreciation rights relating to our Class A Common Stock and on the terms and conditions established by our Board in its sole discretion, whether in connection with acquisitions or otherwise.

Under the 2021 Equity Incentive Plan. We have reserved 38,317,399 shares of Class A Common Stock for issuance under our 2021 Equity Incentive Plan (as defined in Note 21 — Stock-Based Compensation in Item 8 of Part II of this Annual Report on Form 10-K). As of December 31, 2022, we have issued 37,071 shares under this Plan.

Under the 2021 Employee Stock Purchase Plan. We have reserved 11,495,220 shares of Class A Common Stock for issuance under our 2021 Employee Stock Purchase Plan (as defined in Note 21 — Stock-Based Compensation in Item 8 of Part II of this Annual Report on Form 10-K). As of December 31, 2022, we have not yet issued any shares under this Plan.

Any stock that we issue or exchange would dilute the percentage ownership held by the investors who purchase Class A Common Stock. The market price of shares of our Class A Common Stock could decline as a result of newly issued or exchanged stock, or the perception that we might issue or exchange stock. A decline in the price of our Class A Common Stock might impede our ability to raise capital through the issuance of additional shares of Class A Common Stock or other equity securities.

Substantial blocks of our total outstanding shares may be sold into the market. If there are substantial sales of shares of our Class A Common Stock, the price of our Class A Common Stock could decline.

The price of our Class A Common Stock could decline if there are substantial sales of our Class A Common Stock, particularly sales by our directors, executive officers, and significant stockholders, or if there is a large number of shares of our Class A Common Stock available for sale. As of March 1, 2023, we have 83,211,595 shares of our Class A Common Stock outstanding. All of the shares of Class A Common Stock sold at the completion of our Business Combination are available for sale in the public market, other than shares held by purchasers who, after the Closing, hold in excess of 10% of our issued and outstanding Class A Common Stock. Shares held by directors, executive officers and other affiliates are subject to volume limitations under Rule 144 under the Securities Act of 1933, as amended, or the Securities Act, and various vesting agreements.

The market price of the shares of our Class A Common Stock could decline as a result of the sale of a substantial number of our shares of Class A Common Stock in the public market or the perception in the market that the holders of a large number of such shares intend to sell their shares.

Certain warrants to purchase our Class A Common Stock are now exercisable and could become exercisable in 2023, which could increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.

PIPE Warrants to purchase an aggregate of 12,669,300 shares of Class A Common Stock became exercisable on the 30th day following the closing of the Business Combination in accordance with the terms of the warrant agreement governing those securities. In addition, Public Warrants to purchase an aggregate of 5,750,000 shares of Class A Common Stock and Underwriter Warrants to purchase an aggregate of 28,750 shares of Class A Common Stock became exercisable on April 12, 2022 in accordance with the warrant agreement covering those securities. Each such PIPE Warrant, Underwriter Warrant and Public Warrant entitles its holder to purchase one share of Class A Common Stock at an exercise price of $11.50 per share and will expire at 5:00 p.m., New York time, five years after the closing of the Business Combination or earlier upon redemption or our liquidation. In addition, the Private Placement Warrants and OTM Warrants became exercisable on December 2, 2022, subject to the achievement of certian trading thresholds pursuant to the terms of the Sponsor Warrant Lock-up Agreement. Refer to Note 20 — Warrant Liabilities in Item 8 of Part II of this Annual Report on Form 10-K for additional information. To the extent warrants are exercised, additional shares of Class A Common Stock will be issued, which will result in dilution to our then existing stockholders and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could depress the market price of our common stock.

We qualify as an "emerging growth company" within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, it could make our securities less attractive to investors and may make it more difficult to compare our performance to the performance of other public companies.

We qualify as an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the JOBS Act. As such, we are eligible for and intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as we continue to be an emerging growth company, including (a) the exemption from the auditor attestation requirements with respect to internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley"), (b) the exemptions from say-on-pay, say-on-frequency and say-on-golden parachute voting requirements and (c) reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which the market value of Class A Common Stock that is held by non-affiliates exceeds $700 million as of June 30 of that fiscal year, (ii) the last day of the fiscal year in which we have total annual gross revenue of $1.235 billion or more during such fiscal year (as indexed for inflation), (iii) the date on which we have issued more than $1 billion in non-convertible debt in the prior three-year period or (iv) December 31, 2026. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to avail ourselves of such extended transition period and, therefore, we may not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies or that have opted out of using such extended transition period. Investors may find the Class A Common Stock less attractive because we will rely on these exemptions, which may result in a less active trading market for the Class A Common Stock and its price may be more volatile.

We qualify as, and have elected to be treated as, a "controlled company" within the meaning of the NYSE listing standards and, as a result, our stockholders may not have certain corporate governance protections that are available to stockholders of companies that are not controlled companies.

So long as more than 50% of the voting power for the election of directors is held by an individual, a group, or another company, we will qualify as a "controlled company" under the NYSE listing requirements. As of December 31, 2022, HHC controls approximately 67.9% of the voting power of our outstanding capital stock. As a result, we qualify as, and elect to be treated as, a "controlled company" under the NYSE listing standards and will not be subject to the requirements that would otherwise require us to have: (i) a majority of "independent directors," as defined under the listing standards of the NYSE; (ii) a nominating committee comprised solely of independent directors; (iii) compensation of our executive officers determined by a majority of the independent directors or a compensation committee comprised solely of independent directors; and (iv) director nominees selected, or recommended for the board of directors' selection, either by a majority of the independent directors or a nominating committee comprised solely of independent directors.

HHC may have its interest diluted due to future equity issuances or its own actions in selling shares of common stock, in each case, which could result in a loss of the "controlled company" exemption under the NYSE listing rules. We would then be required to comply with those provisions of the NYSE listing requirements.

The dual class structure of our common stock may adversely affect the trading market for our Class A Common Stock.

S&P Dow Jones and FTSE Russell limit their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, namely, to exclude companies with multiple classes of shares of common stock from being added to such indices. In addition, several stockholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A Common Stock in such indices and may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our Class A Common Stock. Any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A Common Stock.

The dual class structure of our common stock will have the effect of concentrating voting power with two stockholders, which will limit your ability to influence the outcome of important transactions, including a change in control.

Our Class V Common Stock has 10 votes per share and our Class A Common Stock has one vote per share. Markel and HHC, who currently hold all of the Class V Common Stock, together will hold a substantial majority of the voting power of our outstanding capital stock. Because of the 10-to-1 voting ratio between our Class V and Class A Common Stock, the holders of our Class V Common Stock will collectively control a majority of the combined voting power of common stock and, therefore, will be able to control all matters submitted to our stockholders until the earlier of (1) 15 years from the date of the consummation of the Business Combination and (2) the date on which such share of Class V Common Stock is transferred other than pursuant to a Qualified Transfer (as defined in our Amended and Restated Charter). This concentrated control will limit or preclude your ability to influence the outcome of important corporate matters, including a change in control, for the foreseeable future.

Transfers by holders of Class V Common Stock will generally result in those shares losing their super voting rights, subject to limited exceptions, such as certain transfers effected for estate planning or charitable purposes.

Our three largest stockholders hold significant voting power, have the right to designate directors to our Board and are entitled to preemptive rights with respect to the issuance of new Class A Common Stock, which provides these stockholders with significant power to influence our business and affairs.

Our three largest stockholders are HHC, Markel and State Farm. HHC controls approximately 67.9% of the voting power, Markel controls approximately 29.0% of the voting power, and State Farm controls approximately 1.9% of the voting power. Pursuant to the terms of the Investor Rights Agreement among HHC, Markel and State Farm, HHC designated two directors to our Board, and Markel and State Farm each designated one director to our Board. Pursuant to the Investor Rights Agreement, each of HHC, Markel and State Farm has agreed to vote for the election of any director nominated by HHC, Markel and State Farm in furtherance of the director designation rights described above. As a consequence, at present, the re-election in 2023 of the four directors designated by HHC, Markel and State Farm is assured.

Moreover, under the terms of the Investor Rights Agreement, each of HHC, Markel and State Farm has a contractual preemptive right. Specifically, under the terms of the Investor Rights Agreement, for so long as HHC, Markel and State Farm, as applicable, are entitled to nominate a director, each of HHC, Markel and State Farm, as applicable, subject to certain conditions, has a preemptive right to purchase up to the amount of any new securities we propose to issue or sell as is necessary to maintain the relative pro rata ownership position (determined on a fully diluted basis at the time of determination) of HHC, Markel and State Farm, as applicable. Therefore, while other holders of our stock would risk suffering a reduction in percentage ownership in connection with a new issuance of securities by us, HHC, Markel and State Farm would, through this preemptive right, have the opportunity to avoid a reduction in percentage ownership. As long as HHC, Markel and State Farm continue to hold a significant portion of our outstanding common stock, each will have the ability to influence the vote in any election of directors and over decisions that require stockholder approval.

By virtue of their voting power and Board designation rights, preemptive right to purchase additional equity securities in future stock offerings and approval rights, HHC, Markel and State Farm, collectively and separately, have the power to significantly influence our business and affairs and the outcome of matters required to be submitted to stockholders for approval, including the election of our directors, amendments to our charter, mergers, or sales of assets. Their influence over our business and affairs may not be consistent with the interests of some or all of our other stockholders and might negatively affect the market price of our common stock.

We may redeem unexpired warrants prior to their exercise at a time that is disadvantageous to the holders of such warrants, thereby making such warrants worthless.

We have the ability to redeem outstanding warrants at any time after they become exercisable and prior to their expiration, at a price of $0.01 per warrant, provided that the last reported sales price of Class A Common Stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period commencing once the warrants become exercisable and ending on the third trading day prior to the date on which we give proper notice of such redemption and provided certain other conditions are met. If and when the warrants become redeemable by us, we may not exercise our redemption right if the issuance of shares of Class A Common Stock upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification. We will use our best efforts to register or qualify such shares of Class A Common Stock under the blue sky laws of the state of residence in those states in which the warrants were offered. Redemption of the outstanding warrants could force you (i) to exercise your Public Warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) to sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants. None of the Private Placement Warrants or Underwriter Warrants are redeemable by us so long as they are held by the Sponsor, FG SPAC Partners LP, the underwriter in Aldel's initial public offering, or their permitted transferees.

Because there are no current plans to pay cash dividends on the Class A Common Stock for the foreseeable future, you may not receive any return on investment unless you sell your Class A Common Stock for a price greater than that which you paid for it.

We intend to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of our Class A Common Stock will be at the sole discretion of our Board. Our Board may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our Board may deem relevant. In addition, our ability to pay dividends is limited by covenants of our existing and outstanding indebtedness and may be limited by covenants of any future indebtedness we incur. As a result, you may not receive any return on an investment in our Class A Common Stock unless you sell our Class A Common Stock for a price greater than that which you paid for it.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our Amended and Restated Charter and Amended and Restated Bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- the ability of our Board to issue one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings; and
- limiting the ability of stockholders to act by written consent;

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

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

Our Amended and Restated Charter provides that, subject to limited exceptions, any (1) derivative action or proceeding brought on behalf of us under Delaware law, (2) action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, or other employee to us or our stockholders, (3) action asserting a claim against us, our directors, officers or other employees arising under the Delaware General Corporation Law ("DGCL"), our Amended and Restated Charter or our Amended and Restated Bylaws (in each case, as may be amended from time to time), (4) action asserting a claim against us or any of our directors, officers or other employees governed by the internal affairs doctrine of the State of Delaware or (5) other action asserting an "internal corporate claim," as defined in Section 115 of the DGCL, in all cases subject to the court having personal jurisdiction over all indispensable parties named as defendants shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, another state or federal court located within the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our Amended and Restated Charter described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our Amended and Restated Charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

Risks Related to Tax

We are a holding company and our only material asset is our interest in The Hagerty Group, and we will therefore be dependent upon distributions made by The Hagerty Group to pay taxes, make payments under the TRA and pay other expenses.

We are a holding company with no material assets other than our ownership of The Hagerty Group units and our managing member interest in The Hagerty Group. As a result, we will have no independent means of generating revenue or cash flow. Our ability to pay taxes, make payments under the TRA and pay dividends (in the event that any dividends are declared) and other expenses will depend on the financial results and cash flows of The Hagerty Group and the distributions we receive from The Hagerty Group. Deterioration in the financial condition, earnings or cash flow of The Hagerty Group for any reason could limit or impair The Hagerty Group's ability to pay such distributions. Additionally, to the extent that we need funds and The Hagerty Group is restricted from making such distributions under applicable law or regulation or under the terms of any financing arrangements, or The Hagerty Group is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition.

The Hagerty Group will be treated as a partnership for U.S. federal income tax purposes and, as such, generally will not be subject to any entity-level U.S. federal or state income tax. Instead, the taxable income of The Hagerty Group will be allocated to the members of The Hagerty Group, including us. Accordingly, we will be required to pay income taxes on our allocable share of any net taxable income of The Hagerty Group. Under the terms of The Hagerty Group LLC Agreement, The Hagerty Group is obligated to make tax distributions to the members of The Hagerty Group (including us) calculated at certain assumed tax rates. In addition to tax expenses, we will also incur expenses related to our operations, including payment obligations under the TRA (and the cost of administering such payment obligations), which could be significant. We intend to cause The Hagerty Group to make distributions to the members of The Hagerty Group in amounts sufficient to cover all applicable taxes (calculated at assumed tax rates) and payments under the TRA. However, The Hagerty Group's ability to make such distributions may be subject to various limitations and restrictions including, but not limited to, restrictions on distributions that would either violate any contract or agreement to which The Hagerty Group is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering The Hagerty Group insolvent. If our cash resources are insufficient to meet our obligations under the TRA and to fund our obligations, we may be required to incur additional indebtedness to provide the liquidity needed to make such payments, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. To the extent that we are unable to make payments under the TRA for any reason, such payments will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a breach of a material obligation under the TRA and therefore accelerate payments due under the TRA.

Hagerty, Inc. is required to pay Legacy Unit Holders and any other persons that become parties to the TRA for certain tax benefits we may receive and the amounts payable may be substantial.

In connection with the consummation of the Business Combination, Hagerty, Inc. entered into a TRA with Legacy Unit Holders. The Hagerty Group intends to have in effect an election under Section 754 of the Internal Revenue Code ("IRC") for each taxable year in which TRA exchanges occur, which is expected to result in adjustments to the tax basis of the assets of The Hagerty Group as a result of such TRA exchanges. The TRA generally provides for the payment by Hagerty, Inc. to Legacy Unit Holders of 85% of the cash tax benefits, if any, realized as a result of (i) tax basis adjustments resulting from TRA exchanges in connection with or following the Business Combination, (ii) certain other tax benefits related to entering into the TRA, including tax benefits attributable to making payments under the TRA. We expect that the payments required under the TRA could be substantial. Estimating the amount and timing of realization of tax benefits subject to the TRA is by its nature imprecise.

Payments under the TRA will be based on the tax reporting positions determined, and the IRS or another tax authority may challenge all or a part of the existing tax basis, tax basis increases, or other tax attributes subject to the TRA, and a court could sustain such challenge. The parties to the TRA will not reimburse Hagerty, Inc. for any payments previously made if such tax basis or other tax benefits are subsequently disallowed, except that any excess payments made to a party under the TRA will be netted against future payments otherwise to be made under the TRA, if any, after the determination of such excess. In addition, the TRA provides that if (1) Hagerty, Inc. breaches any material obligations under the TRA (including in the event payments are more than three months late under the TRA, subject to certain exceptions), (2) Hagerty, Inc. is subject to certain bankruptcy, insolvency or similar proceedings, or (3) at any time, Hagerty, Inc. may elect an early termination of the TRA, the obligations under the TRA (with respect to all The Hagerty Group Units, whether or not such The Hagerty Group Units have been exchanged or redeemed before or after such transaction) would accelerate and become payable in a lump sum amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions, including that Hagerty, Inc. would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the TRA.

The TRA also provides that, upon certain changes of control or other significant transactions, in the discretion of HHC and Markel, obligations under the TRA may be accelerated and become payable in a lump sum as described above. Such acceleration would be based on certain assumptions, including that Hagerty, Inc. would have sufficient taxable income to fully utilize the increased tax deductions and tax basis and other benefits covered by the TRA. As a result, upon any acceleration of the obligations under the TRA (including a change of control), Hagerty, Inc. could be required to make payments under the TRA that are greater than 85% of actual cash tax savings, which could negatively impact liquidity. The change of control provisions in the TRA may also result in situations where HHC and Markel have interests that differ from or are in addition to those of our Class A stockholders.

To the extent we receive tax distributions in excess of our actual tax liabilities and retain such excess cash, HHC and Markel may benefit from such accumulated cash balances if they exercise their exchange rights.

Under the terms of The Hagerty Group LLC Agreement, The Hagerty Group is obligated to make tax distributions to the members of The Hagerty Group calculated at certain assumed tax rates. Because tax distributions will be made pro rata based on ownership and due to, among other items, differences between the tax rates applicable to us and the assumed individual income tax rate used in the calculation and requirements under the applicable tax rules that The Hagerty Group's net taxable income be allocated disproportionately to its unit holders in certain circumstances, tax distributions may significantly exceed the actual tax liability for certain The Hagerty Group unit holders. If Hagerty, Inc. retains the excess cash we receive, Markel and HHC could benefit from any value attributable to such accumulated cash balances as a result of their rights under the Exchange Agreement with the Legacy Unit Holders .

If The Hagerty Group were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we and The Hagerty Group might be subject to potentially significant tax inefficiencies, and we would not be able to recover payments previously made by us under the TRA even if the corresponding tax benefits were subsequently determined to have been unavailable due to such status.

The Hagerty Group intends to operate such that it does not become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. A "publicly traded partnership" is a partnership the interests of which are listed for trading on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Applicable U.S. Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and The Hagerty Group intends to operate such that it will qualify for one or more of such safe harbors, although it may be unable to do so.

If The Hagerty Group were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, significant tax inefficiencies might result for Hagerty, Inc. and for The Hagerty Group, for example, if Hagerty, Inc. is not able to file a consolidated U.S. federal income tax return with The Hagerty Group. In addition, Hagerty, Inc. may not be able to realize tax benefits covered under the TRA, and Hagerty, Inc. would not be able to recover any payments previously made under the TRA, even if the corresponding tax benefits (including any claimed increase in the tax basis of The Hagerty Group's assets) were subsequently determined to have been unavailable.

Increases in applicable tax rates, changes in applicable tax laws or disagreements with tax authorities can adversely affect our business, financial condition and results of operations.

Hagerty, Inc. will have no material assets other than the interest in The Hagerty Group, which holds, directly or indirectly, all of the operating assets of The Hagerty Group's business. The Hagerty Group, with the exception of certain corporate subsidiaries, will not be subject to U.S. federal or state income tax. Hagerty, Inc. is a U.S. corporation that will be subject to U.S. corporate income tax on our worldwide operations, including our allocable share of any net taxable income of The Hagerty Group. We will be subject to various U.S. federal, state and local taxes, in addition to taxes in other countries.

New U.S. laws and policy relating to income and non-income-based taxes may have an adverse effect on our business and future profitability. Further, existing U.S. tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. Increases in income tax rates or other changes in income tax laws in any particular jurisdiction in which we operate or are otherwise subject to tax can reduce our after-tax income from such jurisdiction and adversely affect our business, financial condition or results of operations. Existing tax laws have been and could in the future be subject to significant change.

We will be subject to reviews, examinations and audits by the IRS and other taxing authorities with respect to income and non-income-based taxes. Economic and political pressures to increase tax revenues in jurisdictions in which we operate, or the adoption of new or reformed tax legislation or regulation, may make resolving tax disputes more difficult and the final resolution of tax audits and any related litigation can differ from The Hagerty Group's historical provisions and accruals, resulting in an adverse impact on our business, financial condition or results of operations.

Additionally, the provision for income taxes involves a significant amount of judgement regarding the interpretation of relevant facts and laws in the jurisdictions in which we operate. Our income tax expense and recorded tax balances can change significantly between periods due to a number of complex factors including but not limited to, changes in the valuation of our deferred tax assets and liabilities as well as increases or decreases to valuation allowances recorded against our deferred tax assets.

General Risk Factors

The price of our securities may be volatile or may decline regardless of our operating performance and you could lose all or part of your investment as a result.

The trading price of our common stock and warrants is likely to be volatile. The stock market recently has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares or warrants at an attractive price due to a number of factors such as those listed elsewhere in this "Risk Factors" section and this Annual Report on Form 10-K, as well as the following:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- the impact of pandemics, including COVID-19, and their effect on our business and financial condition;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments;
- any significant change in our management;
- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to our business;

- future sales of our Common Stock or other securities;
- investor perceptions or the investment opportunity associated with our Common Stock relative to other investment alternatives;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- the development and sustainability of an active trading market for our Common Stock;
- actions by institutional or activist stockholders;
- changes in accounting standards, policies, guidelines, interpretations or principles; and
- other events or factors, including those resulting from natural disasters, war, acts of terrorism or responses to these events.

These broad market and industry fluctuations may adversely affect the market price of our Class A Common Stock and Public Warrants, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of the Class A Common Stock and Public Warrants is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

Future sales, or the perception of future sales, by us or our stockholders in the public market could cause the market price for our Class A Common Stock to decline.

The sale of shares of our Class A Common Stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A Common Stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

The initial stockholders of Aldel agreed not to transfer, assign or sell any of the shares of Class A Common Stock into which the Founder Shares converted (except to certain permitted transferees) until, with respect to 50% of such shares, the earlier of (i) twelve months after the date of the consummation of the Business Combination, or (ii) the date on which the closing price of our Class A Common Stock equals or exceeds $12.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing after the Business Combination, with respect to the remaining 50% of such shares, 12 months after the date of the consummation of the Business Combination, or earlier, in each case, if, we consummate a liquidation, merger, stock exchange or other similar transaction which results in all of our stockholders having the right to exchange their public shares for cash, securities or other property. In addition, each of Markel and HHC executed lockup agreements pursuant to which such parties agreed not to sell, transfer or take certain other actions with respect to units in The Hagerty Group and shares of Class V Common Stock received in the Business Combination for a period from closing of the Business Combination through the earlier of (a) 180 days after the closing of the Business Combination, subject to certain customary exceptions and (b) the date on which the closing price of our Class A Common Stock equals or exceeds $12.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing after the consummation of the Business Combination.

As restrictions on resale end, the market price of our Common Stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of Common Stock or other securities.

In addition, Common Stock reserved for future issuance under our equity incentive plans will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up agreements and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. The aggregate number of shares of Class A Common Stock reserved for future issuance under the 2021 Equity Incentive Plan is 31,378,154. The aggregate number of shares of Class A Common Stock reserved for future issuance under the 2021 Employee Stock Purchase Plan is 11,495,220. The compensation committee of our Board may determine the exact number of shares to be reserved for future issuance under its equity incentive plans at its discretion. We will file one or more registration statements on Form S-8 under the Securities Act to register shares of Common Stock or securities convertible into or exchangeable for shares of Common Stock issued pursuant to our equity incentive plans. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market.

If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.

The trading market for our Class A Common Stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We will not control these analysts. In addition, some financial analysts may have limited expertise with our business model and operations. Furthermore, if one or more of the analysts who do cover us downgrade our stock or industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on it regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Traverse City, Michigan, and consist of approximately 109,500 square feet of office space at the main campus location under a lease agreement that expires in March 2036. In the U.S., we lease additional office space in Ohio, Colorado, Connecticut and Michigan. Internationally, we lease offices in Canada, the U.K. and Germany. We believe our facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

In 2022, Hagerty approved an initiative to increase operational efficiencies and flexibility by transitioning to a "remote first" work model for employees. As a result, we intend to sublease all or portions of our office space in Ohio, Colorado, Connecticut, Michigan and Ontario.

In addition, we have a network of Hagerty Garage + Social locations in the U.S., which includes one location in each of New York, Illinois and Washington, three locations in Florida and two locations in California. In Canada, we have one location in Ontario.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in various claims and legal actions that arise in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we do not believe that the ultimate resolution of these actions will have a material adverse effect on our financial position, results of operations, liquidity, or capital resources.

Future litigation may be necessary to defend ourselves and our partners by determining the scope, enforceability, and validity of third party proprietary rights or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our Class A Common Stock and Public Warrants are traded on the NYSE under the symbols "HGTY" and "HGTY.WS", respectively. Prior to the consummation of the Business Combination, Aldel's common stock and warrants were listed on the NYSE under the symbols "ADF.U", "ADF", and "ADF.WS", respectively.

Stockholders of Record

As of March 1, 2023, there were 12 record holders of our Class A Common Stock and two record holders of our Class V Common Stock. Additionally, there were 31 record holders of our PIPE Warrants, two record holders of our OTM Warrants and nine record holders of our Public Warrants, Private Placement Warrants and Underwriter Warrants, in the aggregate, as of March 1, 2023. The number of record holders does not include persons who held shares of our common stock or warrants in nominee or "street name" accounts through brokers.

Dividend Policy

We do not currently intend to pay cash dividends on our Class A Common Stock. The declaration and payment of any dividends by Hagerty, Inc. will be at the sole discretion of our Board, which may change our dividend policy at any time. Our Board will take into account:

- general economic and business conditions;
- our results of operations and financial condition;
- our available cash and current and anticipated cash needs;
- our capital requirements;
- contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries (including The Hagerty Group) to us; and
- such other factors as our Board may deem relevant.

Subject to funds being legally available, we intend to cause The Hagerty Group to make pro rata distributions to the other unit holders and us in an amount at least sufficient to allow us and the other unit holders to pay all applicable taxes, to make payments under the TRA we entered into with the Hagerty Group Unit Holders and to pay our corporate and other overhead expenses.

Hagerty, Inc. is a holding company and does not have material assets other than its ownership of Hagerty Group Units in The Hagerty Group, and as a consequence, our ability to declare and pay dividends to the holders of our Class A Common Stock is subject to the ability of The Hagerty Group to provide distributions to us. If The Hagerty Group makes such distributions, Hagerty Group Unit Holders will be entitled to receive pro-rata distributions from The Hagerty Group. However, because we must pay taxes, make payments under the TRA, and pay our expenses, amounts ultimately distributed as dividends to holders of our Class A Common Stock are expected to be less than the amounts distributed by The Hagerty Group to the Hagerty Group Unit Holders on a per share basis.

Assuming The Hagerty Group makes distributions to its members in any given year, the determination to pay dividends, if any, to our Class A common stockholders out of the portion, if any, of such distributions remaining after our payment of taxes, TRA payments and expenses (any such portion, an "excess distribution") will be made by our Board. Because our Board may determine to pay or not pay dividends to our Class A common stockholders, our Class A common stockholders may not necessarily receive dividend distributions relating to excess distributions, even if The Hagerty Group makes such distributions to us.

Stock Performance Graph

We are a smaller reporting company as defined by Rule 12b-2 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and are not required to provide the information otherwise required under this item.

Recent Sales of Unregistered Securities

On August 16, 2022, as part of the Broad Arrow Acquisition and pursuant to the Contribution and Exchange Agreement, we issued 713,684 shares of Class A Common Stock in Hagerty, Inc. to certain foreign Contributors, subject to a lockup that phases out pro-rata over a 5-year period. In addition, we issued 4,724,560 Hagerty Group Units to certain domestic Contributors which can be exchanged on a one-for-one basis over a 5-year period for Class A Common Stock in Hagerty, Inc., beginning in 2023. These shares were issued in reliance upon one or more exemptions from the registration requirements of the Securities Act, including Section 4(a)(2) thereof and Rule 506(b) of Regulation D.

ITEM 6. [Reserved]

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide the reader of the financial statements with a narrative from the perspective of management on the financial condition, results of operations, liquidity and certain other factors that may affect our operating results. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and related Notes included in Item 8 of Part II of this Annual Report on Form 10-K. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed within "Risk Factors" in Item 1A of this report.

Unless otherwise indicated or the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "we", "our", "Hagerty" and "the Company" refer to the business and operations of The Hagerty Group, LLC and its consolidated subsidiaries prior to the Business Combination and to Hagerty, Inc. and its consolidated subsidiaries, following the consummation of the Business Combination.

Overview

Hagerty is a global market leader in providing insurance for classic cars and enthusiast vehicles. We consistently earn strong net promoter scores by providing auto enthusiasts superior insurance coverage with excellent customer service and at lower prices than traditional carriers. We have also leveraged our trusted insurance brand to build a leading automotive lifestyle brand. We offer an automotive enthusiast platform that protects, engages, entertains and connects with our Members and other car enthusiasts. Our goal is to save driving and car culture for future generations.

Recent Developments Affecting Comparability

Broad Arrow Acquisition

In January 2022, we entered into a joint venture with Broad Arrow, pursuant to which we invested $15.3 million in exchange for equity ownership of approximately 40% of Broad Arrow. In August 2022, we acquired the remaining 60% outstanding equity interest of Broad Arrow, in exchange for $73.3 million of equity consideration of both Hagerty, Inc. and The Hagerty Group.

Prior to the acquisition, we accounted for our approximately 40% ownership interest in Broad Arrow using the equity method of accounting under which we recognized our share of Broad Arrow's income (loss) within Income (loss) from equity method investment, net of tax in the Consolidated Statements of Operations. Subsequent to the acquisition, Broad Arrow became a wholly-owned subsidiary of the Company and as a result, the financial statements of Broad Arrow are now consolidated as a part of Hagerty. Revenue from Broad Arrow is included with our existing revenue from Marketplace and recorded within "Membership, marketplace and other revenue" in our Consolidated Statements of Operations.

Also, as a result of the acquisition, we remeasured our pre-existing 40% equity ownership interest to its estimated fair value of approximately $48.3 million, which resulted in a $34.7 million gain within our Consolidated Statements of Operations for the year ended December 31, 2022. Refer to Note 9 — Acquisitions and Investments – in Item 8 of Part II of this Annual Report on Form 10-K for additional information on the consideration paid for the Broad Arrow Acquisition.

Business Combination

On December 2, 2021, The Hagerty Group completed a business combination pursuant to the Business Combination Agreement with Aldel and Merger Sub. In connection with the Closing, Aldel changed its name from Aldel Financial Inc. to Hagerty, Inc.

Following the Closing, Hagerty, Inc. owns an equity interest in The Hagerty Group in what is commonly known as an "Up-C" structure. Under this structure, substantially all of Hagerty, Inc.'s assets and liabilities are held by The Hagerty Group. Hagerty, Inc. owned 24.5% and 24.7% of The Hagerty Group as of December 31, 2022 and 2021, respectively.

Refer to Note 1 — Summary of Significant Accounting Policies and New Accounting Standards and Note 8 — Business Combination in Item 8 of Part II of this Annual Report on Form 10-K for additional information on the Business Combination.

Key Performance Indicators and Certain Non-GAAP Financial Measures

Key Performance Indicators

The table below presents a summary of our Key Performance Indicators, including important operational metrics, as well as certain GAAP and non-GAAP financial measures as of and for the years ended December 31, 2022 and 2021. We use these Key Performance Indicators to evaluate our business, measure our performance, identify trends against planned initiatives, prepare financial projections and make strategic decisions. We believe these Key Performance Indicators are useful in evaluating the Company's performance when read together with our Consolidated Financial Statements prepared in accordance with GAAP.

	Year Ended December 31,	
	2022	2021
Operational Metrics (period of time)		
Total Written Premium (*in thousands*) [1]	$776,664	$674,305
Loss Ratio [2]	45.3%	41.3%
New Business Count (Insurance) [3]	234,520	244,478
Operational Metrics (point in time)		
Policies in Force [4]	1,315,977	1,247,056
Policies in Force Retention [5]	88.0%	89.1%
Vehicles in Force [6]	2,234,461	2,103,185
HDC Paid Member Count [7]	752,754	718,583
Net Promoter Score [8]	83.0	82.0
GAAP Measures		
Total Revenue (*in thousands*)	$787,588	$619,079
Operating Income (Loss) *(in thousands)*	$(67,566)	$(10,070)
Net Income (Loss) *(in thousands*)	$2,403	$(61,354)
Basic Earnings (Loss) Per Share	$0.39	$(0.56)
Non-GAAP Measures		
Adjusted EBITDA *(in thousands)* [9]	$(1,940)	$25,350
Adjusted Earnings (Loss) Per Share [9]	$(0.20)	$(0.05)

(1) Total Written Premium is the total amount of insurance premium written on policies that were bound by our insurance carrier partners during the period. We view Total Written Premium as an important metric as it most closely correlates with our growth in insurance commission revenue and Hagerty Re earned premium. Total Written Premium reflects the actual business volume and direct economic benefit generated from our policy acquisition efforts.

(2) Loss Ratio, expressed as a percentage, is the ratio of (1) losses and loss adjustment expenses incurred to (2) earned premium in Hagerty Re. We view Loss Ratio as an important metric because it is a powerful benchmark for profitability. The benchmark allows us to evaluate our historical loss patterns including incurred losses and make necessary and appropriate adjustments. Hurricane Ian, which made landfall in the third quarter of 2022, generated $10.0 million of net losses and added 2.5% to the loss ratio for the year ended December 31, 2022. Additionally, we strengthened reserves for U.S. auto liability by $6.5 million for the 2022 accident year, which added 1.6% to the loss ratio for the year ended December 31, 2022. These two items account for the significant increase in the 2022 loss ratio compared to 2021.

(3) New Business Count represents the number of new insurance policies issued during the applicable period. We view New Business Count as an important metric to assess our financial performance because it is critical to achieving our growth objectives. While Hagerty benefits from strong renewal retention, new business policies more than offset those cancelled or non-renewed at expiration. Often new policies mean new relationships and an opportunity to sell additional products and services.

(4) Policies in Force ("PIF") are the number of current and active insurance policies as of the applicable period end date. We view PIF as an important metric to assess our financial performance because policy growth drives our revenue growth, increases brand awareness and market penetration, generates additional insight to improve the performance of our platform, and provides key data to assist strategic decision making for the Company.

(5) PIF Retention is the percentage of expiring policies that are renewed on the renewal effective date, calculated on a rolling twelve months basis. We view PIF Retention as an important measurement of the number of policies retained each year, which contributes to recurring revenue streams from MGA commissions, membership fees and earned premiums. It also contributes to maintaining our NPS as discussed below.

(6) Vehicles in Force are the number of current insured vehicles as of the applicable period end date. We view Vehicles in Force as an important metric to assess our financial performance because insured vehicle growth drives our revenue growth and increases market penetration. Vehicles in Force generates additional insight to support Marketplace and Hagerty Media, and provides key data to assist strategic decision making for the Company.

(7) HDC Paid Member Count is the number of current Members who pay an annual membership subscription as of an applicable period end date. We view HDC Paid Member Count as important because it helps us measure membership revenue growth and provides an opportunity to customize our value proposition and benefits to specific types of enthusiasts, both by demographic and vehicle interest.

(8) Hagerty uses Net Promoter Score ("NPS") as an important measure of the overall strength of our relationship with Members. NPS is measured twice annually through a web-based survey sent by email invitation to a random sample of existing Members, and is reported annually using an average of the two surveys. Often referred to as a barometer of brand loyalty and Member engagement, NPS is well-known in our industry as a strong indicator of growth and retention.

(9) Refer to "Non-GAAP Financial Measures" below for a description of this non-GAAP financial measure and a reconciliation to the most comparable GAAP amount.

Components of Our Results of Operations

Revenue

We generate commission and fee-based revenue primarily from the sale of automotive insurance policies on behalf of our insurance carrier partners and reinsurance premiums from participating in the underwriting of these policies. To a lesser extent, we also generate fee-based revenue from HDC membership subscriptions, media and entertainment and Marketplace services. Our revenue model incorporates multiple touchpoints in the insurance and lifestyle value chains, built on data collection and Member experience.

Commission and fee revenue

Certain of our insurance affiliated subsidiaries act as MGAs who, among other things, write collector vehicle and marine policies on behalf of our insurance carrier partners, in exchange for commissions. Commissions are earned for new and renewed policies. Additionally, policyholders pay fees directly to us related to their insurance coverage. Commission and fee revenue is earned when the policy becomes effective, net of policy changes and cancellations, as our performance obligation is complete when the policy is issued.

Under the terms of many of our contracts with insurance carriers, we have the opportunity to earn an annual contingent underwriting commission ("CUC"), or profit-share, based on the calendar-year performance of the insurance book of business. Our CUC agreements are based on written or earned premium and loss ratio results. Each insurance carrier partner contract and related CUC is calculated independently. Revenue from CUC is accrued throughout the year and settled annually.

Earned premium

Reinsurance premiums are earned by Hagerty Re, which reinsures the collector vehicle and marine risks written through our affiliated MGAs in the U.S., Canada and the U.K. Hagerty Re is a Bermuda-domiciled, Class 3A reinsurer.

Earned premium represents the earned portion of written premiums that Hagerty Re has assumed under quota share reinsurance agreements with our insurance carrier partners. Earned premium is recognized over the term of the policy, which is generally 12 months.

Membership, marketplace and other revenue

We earn subscription revenue through bundled HDC membership offerings, which include access to products and services such as, Hagerty Drivers Club Magazine, automotive enthusiast events, our proprietary vehicle valuation tool, emergency roadside assistance and special vehicle-related discounts. We also earn fee-based revenue from Hagerty Garage + Social memberships, which include storage in addition to the HDC Member benefits. Revenue from the sale of HDC and storage memberships is recognized ratably over the period of the membership. The membership is treated as a single performance obligation to provide access to stated Member benefits over the life of the membership, which is currently one year.

Marketplace earns fee-based revenue from the sale of collector cars through classified listings, live and time-based online auctions and brokered private sales, as well as finance revenue from term loans to high-net-worth individuals and businesses secured by collector cars. Fee-based revenue earned by Marketplace is recognized when the underlying sale is completed. Finance revenue is recognized when earned based on the amount of the outstanding loan, the applicable interest rate on the loan and the length of time the loan was outstanding during the period.

Other revenue includes sponsorship, admission, advertising, valuation and registration income. Other revenue is recognized when the performance obligation for the related product or service is satisfied.

Operating Expenses

Our operating expenses typically consist of salaries and benefits, ceding commission, losses and loss adjustment expenses, sales expenses, general and administrative services and depreciation and amortization.

Salaries and benefits

Salaries and benefits consist primarily of costs related to employee compensation, payroll taxes, employee benefits and employee development costs. Employee compensation includes wages paid to employees, as well as various incentive compensation plans. Employee benefits include the costs of various employee benefits plans, including medical, dental insurance and wellness plans. Costs related to employee education, training and recruiting are included in employee development costs. Salaries and benefits costs are expensed as incurred except for those costs which are required to be capitalized, which are then amortized over the useful life of the asset created (generally software or media content). Salaries and benefits are expected to increase over time as the business continues to grow but will likely decrease as a percent of revenue.

Ceding commission

Ceding commission consists of the commission paid by Hagerty Re to insurance carriers for our pro-rata share of policy acquisition costs (primarily the commission earned by our MGA affiliates), general and administrative services and other costs. Hagerty Re pays a fixed rate ceding commission which varies by insurance carrier partner, averaging approximately 47% and 48% of net earned premium for the years ended December 31, 2022 and 2021, respectively. Ceding commission is recognized into expense over the annual policy term. In future periods, ceding commission will change in proportion to earned premium assumed through our various quota share reinsurance agreements.

Losses and loss adjustment expenses

Losses and loss adjustment expenses represent management's best estimate of the share of losses assumed by Hagerty Re, including its share of the net cost to settle claims submitted by insureds. Losses consist of claims paid, case reserves and IBNR, net of estimated recoveries for reinsurance, salvage and subrogation. Loss adjustment expenses consist of the cost associated with the investigation and settling of claims. The estimates utilized in determining the amount of losses and loss adjustment expenses recorded in a period are based on statistical analysis performed by our internal and external actuarial team. Reserves are reviewed regularly and adjusted as necessary to reflect management’s estimate of the ultimate cost of settlement.

Sales expense

Sales expense includes costs related to the sales and servicing of insurance policies, as well as costs related to our Membership and Marketplace offerings, such as broker expense, cost of sales, promotion expense and travel and entertainment expenses. Broker expense is the compensation paid to our agent partners and national broker partners when an insurance policy is written through a broker relationship. Broker expense generally tracks with written premium growth. Cost of sales includes postage, document costs, payment processing fees, emergency roadside service costs and other variable costs associated with the sale and servicing of a policy. Cost of sales also includes costs associated with the vehicle sales through Marketplace. Promotion expense includes various expenses related to branding, events, advertising, marketing, and acquisition. Promotion expense and travel and entertainment expense will likely decrease as a percent of revenue over the long-term. Sales expenses, in general, are expensed as incurred and will trend with revenue growth.

General and administrative services

General and administrative services primarily consist of professional services, occupancy costs and hardware and software. These costs are expensed as incurred. We expect this expense category to increase commensurate with our expected business volume and growth expectations and be managed lower as a percent of revenue over the next few years after we reach scale to handle incoming business from new partnerships.

Depreciation and amortization

Depreciation and amortization reflects the recognition of the cost of our investments in various assets over their useful lives. Depreciation expense relates to leasehold improvements, furniture and equipment, vehicles, hardware and purchased software. Amortization relates to investments related to recent acquisitions, SaaS implementation, internal software development and investments made in digital media and content assets. Depreciation and amortization are expected to increase in dollar amount over time but will likely decrease as a percent of revenue as investments in platform technology reach scale.

Other Items

Change in fair value of warrant liabilities

Our warrants are accounted for as liabilities in accordance with ASC Topic 815, *Derivatives and Hedging* ("ASC 815"), and are measured at fair value each reporting period, with changes in fair value recognized as non-operating income (expense). In general, under the fair value accounting model, in periods when our stock price increases, the warrant liability increases, and we recognize additional expense in our Consolidated Statements of Operations. In periods when our stock price decreases, the warrant liability decreases, and we recognize additional income in our Consolidated Statements of Operations.

Income tax expense

The Hagerty Group is taxed as a pass-through ownership structure under provisions of the IRC and a similar section of state income tax law, except certain U.S. corporate subsidiaries and foreign subsidiaries. Any taxable income or loss generated by The Hagerty Group is passed through to and included in the taxable income or loss of all holders of Hagerty Group Units**,** including Hagerty, Inc. Hagerty, Inc. is taxed as a corporation and pays corporate federal, state, and local taxes with respect to income allocated from The Hagerty Group.

Results of Operations

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

The following table summarizes our results of operations for the years ended December 31, 2022 and 2021, and the dollar and percentage change between the two years:

	Year Ended December 31,			
	2022	2021	$ Change	% Change
REVENUE:	*in thousands (except percentages)*			
Commission and fee revenue	$ 307,238	$ 271,571	$ 35,667	13.1 %
Earned premium	403,061	295,824	107,237	36.3 %
Membership, marketplace and other revenue	77,289	51,684	25,605	49.5 %
Total revenue	787,588	619,079	168,509	27.2 %
OPERATING EXPENSES:				
Salaries and benefits	199,542	171,901	27,641	16.1 %
Ceding commission	191,150	140,983	50,167	35.6 %
Losses and loss adjustment expenses	182,402	122,080	60,322	49.4 %
Sales expense	140,781	107,483	33,298	31.0 %
General and administrative services	89,068	64,558	24,510	38.0 %
Depreciation and amortization	33,887	22,144	11,743	53.0 %
Restructuring, impairment and related charges, net	18,324	—	18,324	100.0 %
Total operating expenses	855,154	629,149	226,005	35.9 %
OPERATING INCOME (LOSS)	(67,566)	(10,070)	(57,496)	571.0 %
Change in fair value of warrant liabilities	41,899	(42,540)	84,439	198.5 %
Revaluation gain on previously held equity method investment	34,735	—	34,735	100.0 %
Interest and other income (expense)	2,028	(1,993)	4,021	201.8 %
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	11,096	(54,603)	65,699	120.3 %
Income tax benefit (expense)	(7,017)	(6,751)	(266)	(3.9)%
Income (loss) from equity method investment, net of tax	(1,676)	—	(1,676)	(100.0)%
NET INCOME (LOSS)	$ 2,403	$ (61,354)	$ 63,757	103.9 %

Revenue

Commission and fee revenue

Commission and fee revenue was $307.2 million for the year ended December 31, 2022, an increase of $35.7 million, or 13.1%, compared to 2021, consisting of an increase of $31.6 million in revenue from renewal policies, as well as an increase of $4.3 million in revenue from new policies.

The increase in revenue from renewal policies was primarily related to a 6.5% increase in renewal policy premiums as well as continued strong retention. The increase in renewal policy premiums for the year ended December 31, 2022 compared to 2021 reflects sustained year-over-year growth in our business and rate increases in several states due to inflation and appreciation of vehicle values, all of which contribute to higher premiums and, in turn, higher commission revenue.

The increase in revenue from new policies was related to sustained year-over-year growth in our business, as well as rate actions and higher vehicle values. The average premium on a newly issued policy has increased 14.5% year-over-year as a result of writing accounts with higher insured values at higher rates. As a result, premiums from newly insured policies increased $13.2 million, or 9.9% during the year ended December 31, 2022. In turn, commission revenue from newly issued policies grew by $4.1 million over the same period.

The overall increase in commission and fee revenue during the year ended December 31, 2022 was partially offset by a downward adjustment of $4.1 million associated with a reduction in the expected CUC payout percentage for 2022 due to higher loss ratios during the year. Our loss ratio for the year ended December 31, 2022 was adversely impacted by the increased severity in U.S. auto liability claims in the 2022 accident year and net losses related to Hurricane Ian.

Earned premium

Earned premium revenue was $403.1 million for the year ended December 31, 2022, an increase of $107.2 million, or 36.3%, compared to 2021. Earned premium is a function of written premium and is recognized over the term of the policy, which is generally 12 months. The increase in earned premium generally correlates with an increase in written premiums assumed by us, which increased $120.4 million, or 34.0%, compared to 2021. In the U.S., the increase in premiums assumed by Hagerty Re during the year ended December 31, 2022 compared to 2021 was primarily due to Hagerty Re's U.S. quota share increasing from 60% in 2021 to 70% in 2022, which accounted for $64.4 million of the overall $120.4 million increase. The remaining increase was primarily a result of consistent underlying growth in the premiums assumed across all geographic areas in which we operate.

Membership, marketplace and other revenue

Membership, marketplace and other revenue was $77.3 million for the year ended December 31, 2022, an increase of $25.6 million, or 49.5%, compared to 2021.

Membership fee revenue was $45.2 million for the year ended December 31, 2022, an increase of $4.6 million, or 11.4%, compared 2021, which was primarily attributable to the increase in the issuance of new policies bundled with an HDC membership as well as an increase in storage revenue related to our Hagerty Garage + Social locations. For the year ended December 31, 2022, membership fees were 58.5% of the Membership, marketplace and other revenue total.

Marketplace revenue was $13.7 million for the year ended December 31, 2022, which was primarily generated by Broad Arrow auctions. For the year ended December 31, 2022, Marketplace revenue was 17.7% of the Membership, marketplace and other revenue total.

Other revenue was $18.4 million for the year ended December 31, 2022, an increase of $7.3 million, or 66.0%, compared to 2021, primarily due to newly acquired events, resulting in increases of $3.3 million and $2.6 million in sponsorship revenue and admission revenue, respectively. Other revenue includes sponsorship, admission, advertising, valuation and registration revenue and accounts for 23.8% of the Membership, marketplace and other revenue total.

Operating Expenses

Salaries and benefits

Salaries and benefits expenses were $199.5 million for the year ended December 31, 2022, an increase of $27.6 million, or 16.1%, compared to 2021. The increase was primarily attributable to a net increase of approximately 200 employees, or 12%, year over year. In 2022, headcount increased to support current and anticipated growth, such as the additions of several new large national insurance partnerships and our continued development of new systems and digital transformation technology investments, as well as several acquisitions, including the Broad Arrow Acquisition.

Ceding commission

Ceding commission expense was $191.2 million for the year ended December 31, 2022, an increase of $50.2 million, or 35.6%, compared to 2021. The higher level of ceding commission expense was primarily attributable to an increase in our U.S. quota share percentage from 60% in 2021 to 70% in 2022, which accounted for $30.7 million of the increase, as well as higher U.S. premium volume ceded to Hagerty Re from our insurance carrier partner, which added approximately $16.4 million.

The following table presents the amount of premiums assumed and related ceding commission, as well as the quota share percentages for the year ended December 31, 2022 and 2021:

	U.S.	Canada	U.K.	Total
	in thousands (except percentages)			
	Year Ended December 31, 2022			
Subject premium	$ 643,777	$ 50,434	$ 8,569	$ 702,780
Quota share percentage	70.0 %	35.0 %	70.0 %	67.5 %
Assumed premium in Hagerty Re	$ 450,644	$ 17,652	$ 5,998	$ 474,294
Net ceding commission	$ 181,590	$ 7,026	$ 2,534	$ 191,150
	Year Ended December 31, 2021			
Subject premium	$ 558,297	$ 43,844	$ 6,003	$ 608,144
Quota share percentage	60.0 %	35.0 %	60.0 %	58.2 %
Assumed premium in Hagerty Re	$ 334,978	$ 15,345	$ 3,602	$ 353,925
Net ceding commission	$ 134,469	$ 6,037	$ 477	$ 140,983

Losses and loss adjustment expenses

Losses and loss adjustment expenses were $182.4 million for the year ended December 31, 2022, an increase of $60.3 million, or 49.4%, compared to 2021. This increase was primarily driven by Hagerty Re's U.S. quota share increasing from 60% in 2021 to 70% in 2022, $10.0 million in net losses related to Hurricane Ian and a $6.5 million loss related to the strengthening of reserves recorded for U.S. auto liability for the 2022 accident year. The Company's loss ratio, including catastrophe losses, was 45.3% and 41.3% for the year ended December 31, 2022 and 2021, respectively. Hurricane Ian and the increase in IBNR reserves added 2.5% and 1.6%, respectively, to the loss ratio for the year ended December 31, 2022. The Company's loss ratio excluding Hurricane Ian was 42.8% for the year ended December 31, 2022.

Sales expense

Sales expense was $140.8 million for the year ended December 31, 2022, an increase of $33.3 million, or 31.0%, compared to 2021. This increase was primarily driven by a $19.0 million increase in travel and promotion costs, primarily related to newly acquired events and increased advertising and a $7.6 million increase in broker expense which was driven by additional premium volume across our independent agent and broker distribution channel.

General and administrative services

General and administrative services expenses were $89.1 million for the year ended December 31, 2022, an increase of $24.5 million, or 38.0%, compared to 2021, which was primarily driven by an $11.2 million increase in expenses related to operating as a public company, a $3.7 million increase in software subscription licenses and a $2.5 million increase in occupancy costs, primarily attributable to additional Hagerty Garage + Social locations.

Depreciation and amortization

Depreciation and amortization expense was $33.9 million for the year ended December 31, 2022, an increase of $11.7 million, or 53.0%, compared to 2021. The increase was primarily attributable to a higher base of capital assets from our software development investment. Amortization on these capital assets increased by $8.9 million. Amorization expense also increased as a result of intangible asset additions due to acquisitions, such as Broad Arrow and Speed Digital. Total amortization expense related to these acquisitions was $1.8 million.

Restructuring, impairment and related charges, net

During the year ended December 31, 2022, we recognized restructuring, impairment and related charges of $18.3 million, which primarily consisted of $12.2 million in expenses related to our voluntary retirement program and reduction in force and $6.2 million related to operating lease ROU asset impairments and related leasehold disposals. Refer to Note 14 — Restructuring, Impairment and Related Charges in Item 8 of Part II of this Annual Report on Form 10-K for additional information with respect to the restructuring initiatives implemented in 2022.

Other Items

Change in fair value of warrant liabilities

During the years ended December 31, 2022 and 2021, the change in fair value of warrant liabilities resulted in a gain of $41.9 million and a loss of $42.5 million, respectively, which represents the net change in our valuation of warrant liabilities. Refer to Note 20 — Warrant Liabilities in Item 8 of Part II of this Annual Report on Form 10-K for additional information with respect to our warrants.

Revaluation gain on previously held equity method investment

During the year ended December 31, 2022, we recognized a revaluation gain on a previously held equity method investment of $34.7 million, which represents the remeasurement of our 40% equity interest in Broad Arrow immediately prior to the Broad Arrow Acquisition in August 2022. Refer to Note 9 — Acquisitions and Investments in Item 8 of Part II of this Annual Report on Form 10-K for additional information with respect to our acquisition of Broad Arrow.

Income tax benefit (expense)

Income tax expense was $7.0 million for the year ended December 31, 2022, an increase of $0.3 million, or 3.9%, compared to 2021. The increase was primarily due to an increase in income before income tax expense of $1.4 million within Broad Arrow, which is taxed as a corporation. Refer to Note 22 — Taxation in Item 8 of Part II of this Annual Report on Form 10-K for additional information with respect to items affecting our effective tax rate.

In August 2022, the Inflation Reduction Act ("IRA") was enacted into law. Among the provisions in the IRA was a 15% corporate minimum tax effect rate for years beginning after December 31, 2022, and a 1% tax on share repurchases after December 31, 2022. We do not expect the tax provisions of the IRA to have a material impact on our results.

Liquidity and Capital Resources

Maintaining a strong balance sheet and capital position is a top priority for us. We manage liquidity globally and across all operating subsidiaries.

Future Sources and Uses of Liquidity

Our sources of liquidity include our: (1) cash on hand; (2) short-term investments; (3) net working capital; (4) cash flows from operations; and (5) our Credit Facility (as defined below). Based on our current expectations, we believe that these sources of liquidity will be sufficient to meet our needs for at least the next 12 months.

We expect that our primary liquidity needs will include cash used to: (1) fund business operations including continued investments in technology; (2) service borrowings under the Credit Agreement (as defined below); (3) pay income taxes; and (4) make payments under the TRA.

Capital and Dividend Restrictions

Through our reinsurance subsidiary, Hagerty Re, we reinsure the same personal lines risks that are underwritten by our affiliated MGA subsidiaries on behalf of our insurance carrier partners. Our reinsurance operations are self-funded primarily through existing capital and net cash flows from operations. As of December 31, 2022, Hagerty Re had approximately $398.8 million in Cash and cash equivalents and Restricted cash and cash equivalents.

We, and particularly Hagerty Re, pay close attention to the underlying underwriting and reserving risks by monitoring the pricing and loss development of the underlying business written through our affiliated MGAs. Additionally, Hagerty Re seeks to minimize its investment risk by investing in low yield cash, money market accounts and investment grade municipal securities.

Capital Restrictions

In Bermuda, Hagerty Re is subject to the BSCR administered by the BMA. No regulatory action is taken by the BMA if an insurer's capital and surplus is equal to or in excess of their enhanced capital requirement as determined by the BSCR model. In addition, the BMA has established a target capital level for each insurer which is 120% of the enhanced capital requirement. Hagerty Re maintained sufficient statutory capital and surplus to comply with regulatory requirements as of December 31, 2022.

Dividend Restrictions

Under Bermuda law, Hagerty Re is prohibited from declaring or issuing a dividend if it fails to meet its minimum solvency margin or minimum liquidity ratio. Prior approval from the BMA is also required if Hagerty Re's proposed dividend payments would exceed 25% of its prior year-end total statutory capital and surplus. The amount of dividends which could be paid by Hagerty Re in 2023 without prior approval is $32.9 million.

Regulation relating to insurer solvency is generally for the protection of the policyholders rather than for the benefit of the stockholders of an insurance company. We believe that our existing cash and cash equivalents and municipal securities and cash flow from operations will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our reinsurance premium growth rate, renewal rates, the introduction of new and enhanced products, entry into, and successful entry in new geographic markets, and the continuing market adoption of our product offerings.

Comparative Cash Flows

The following table summarizes our cash flow data for the years ended December 31, 2022 and 2021:

	Year Ended December 31,			
	2022	2021	$ Change	% Change
	in thousands (except percentages)			
Net cash provided by operating activities	$ 55,328	$ 42,281	$ 13,047	30.9 %
Net cash used in investing activities	$ (91,521)	$ (68,994)	$ (22,527)	(32.7)%
Net cash provided by (used in) financing activities	$ (28,084)	$ 332,071	$ (360,155)	(108.5)%

Operating Activities

Cash provided by operating activities primarily consists of net income (loss) adjusted for non-cash items and changes in working capital balances.

Net cash provided by operating activities is presented below:

	Year Ended December 31,			
	2022	2021	$ Change	% Change
	in thousands (except percentages)			
Net income (loss)	$ 2,403	$ (61,354)	$ 63,757	(103.9)%
Non-cash adjustments to net income (loss)	(5,547)	70,302	(75,849)	(107.9)%
Changes in operating assets and liabilities	58,472	33,333	25,139	75.4 %
Net cash provided by operating activities	$ 55,328	$ 42,281	$ 13,047	30.9 %

Net cash provided by operating activities for the year ended December 31, 2022 was $55.3 million, an increase of $13.0 million, or 30.9%, compared to 2021, which was due to a $25.1 million increase in cash from operating assets and liabilities, partially offset by a $12.1 million decrease in Net income (loss) after excluding non-cash adjustments. The increase in cash from operating assets and liabilities was primarily due to the increase in our U.S. quota share percentage from 60% in 2021 to 70% in 2022, severity of claims and timing of Hurricane Ian, all of which resulted in an increase in Provision for unpaid losses and loss adjustment expenses and Losses payable of approximately $25.5 million during the year ended December 31, 2022, with associated cash outflow expected in 2023.

Additionally, we collected approximately $7.8 million of cash from buyers in Broad Arrow transactions during the year ended December 31, 2022 that was not paid to sellers until 2023. The decrease in Net income (loss) after excluding non-cash adjustments was primarily driven by the impact of Hurricane Ian, increased loss reserves and restructuring charges.

Investing Activities

Cash used in investing activities for the year ended December 31, 2022 was $91.5 million, an increase of $22.5 million, or 32.7%, compared to 2021. We invested approximately $44.4 million in property, equipment and software (excluding acquisitions) which was primarily driven by internally developed software, as compared to $43.4 million in the prior year, and had payments related to acquisitions, net of cash acquired, totaling $15.4 million for the year ended December 31, 2022, as compared to $14.6 million in the prior year. Additionally, in January 2022 we invested approximately $15.3 million for an interest in an equity method investment and joint venture with Broad Arrow. We subsequently acquired the remaining 60% outstanding equity interest of Broad Arrow in an all equity transaction. Subsequent to the acquisition, we issued $6.1 million in notes receivable related to Broad Arrow's asset-backed financing activity. For additional information regarding our 2022 acquisitions and equity method investments, refer to Note 9 — Acquisitions and Investments in Item 8 of Part II of this Annual Report on Form 10-K.

Financing Activities

Cash used in financing activities for the year ended December 31, 2022 was $28.1 million, compared to $332.1 million provided by financing activities in 2021. During the year ended December 31, 2022, there were net repayments of $28.1 million related to our long-term debt, primarily our Credit Facility, compared to $66.5 million in net borrowings in 2021. In 2021, net cash inflows from the Business Combination were $269.0 million, including proceeds of $789.7 million, offset by $489.7 million of distributions to the Legacy Unit Holders and $31.0 million of capitalized transaction costs. Refer to Note 8 — Business Combination in Item 8 of Part II of this Annual Report on Form 10-K for additional information on the Business Combination.

Financing Arrangements

Multi-bank Credit Facility

In September 2022 and December 2022, The Hagerty Group entered into a Fourth and Fifth Amendment to the Amended and Restated Credit Agreement ("Credit Agreement"), which amended the terms of our revolving credit facility ("Credit Facility") with JPMorgan Chase Bank, N.A., as administrative agent, and the other financial institutions party thereto from time to time as lenders.

The aggregate amount of commitments available to the Company under the Credit Facility is $230.0 million. The current term of the Credit Agreement expires in October 2026 and may be extended by one year on an annual basis if agreed to by us and the lenders party thereto. Any unpaid balance on the Credit Facility is due at maturity. As of December 31, 2022, total outstanding borrowings under the Credit Facility were $105.0 million.

The Credit Facility borrowings are collateralized by our assets, except for the assets of our U.K., Bermuda and German subsidiaries as well as MHH and its subsidiaries. In January 2023, Broad Arrow Europe Limited and Broad Arrow Capital UK Limited were joined to the Credit Facility as co-borrowers.

Under the Credit Agreement, we are required, among other things, to meet certain financial covenants, including a fixed charge coverage ratio and a leverage ratio. We were in compliance with these financial covenants as of December 31, 2022.

Refer to Note 16 — Debt in Item 8 of Part II of this Annual Report on Form 10-K for additional information on the Credit Facility.

Interest Rate Swap

Interest rate swap agreements are contracts to exchange floating rate for fixed rate interest payments over the life of the agreement without the exchange of the underlying notional amounts. The notional amounts of the interest rate swap agreements are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The differential paid or received on the interest rate swap agreements is recognized as an adjustment to interest expense.

The purpose of the interest rate swap agreement is to fix the interest rate on a portion of our existing variable rate debt in order to reduce exposure to interest rate fluctuations. Under such agreements, we pay the counterparty interest at a fixed rate. In exchange, the counterparty pays us interest at a variable rate, adjusted quarterly and based on the Secured Overnight Financing Rate ("SOFR"). The amount exchanged is calculated based on the notional amount. The significant inputs, primarily the SOFR forward curve, used to determine the fair value are considered Level 2 observable market inputs. We monitor the credit and nonperformance risk associated with our counterparty and believe the risk to be insignificant and does not warrant a credit adjustment at December 31, 2022.

In December 2020, we entered into a 5-year interest rate swap agreement with an original notional amount of $35.0 million. In September 2022, the interest rate swap was amended to replace LIBOR with SOFR and the fixed swap rate is now 0.81%. This interest rate swap matures in December 2025.

In March 2017, we entered into an interest rate swap agreement with an original notional amount of $15.0 million at a fixed swap rate of 2.20%. This interest rate swap matured in March 2022.

Tax Receivable Agreement

Hagerty, Inc. expects to have adequate capital resources to meet the requirements and obligations under the TRA entered into with the Legacy Unit Holders on December 2, 2021 that provides for the payment by Hagerty, Inc. to the Legacy Unit Holders of 85% of the amount of cash savings, if any, under U.S. federal, state and local income tax or franchise tax realized as a result of (1) any increase in tax basis of Hagerty, Inc.'s assets resulting from (a) purchase of Hagerty Group Units from any of the Legacy Unit Holders using the net proceeds from any future offering, (b) redemptions or exchanges by the Legacy Unit Holders of Class V Common Stock and Hagerty Group Units for shares of Class A Common Stock or (c) payments under the TRA and (2) tax benefits related to imputed interest deemed arising as a result of payments made under the TRA.

Legacy Unit Holders may, subject to certain conditions and transfer restrictions described above, redeem or exchange their Class V Common Stock and Hagerty Group Units for shares of Class A Common Stock of Hagerty, Inc. on a one-for-one basis. The Hagerty Group intends to have in effect an election under Section 754 of the IRC of 1986, as amended, and the regulations thereunder for each taxable year in which a redemption or exchange of Class V Common Stock and Hagerty Group Units for shares of Class A Common Stock occurs, which is expected to result in increases to the tax basis of the assets of The Hagerty Group at the time of a redemption or exchange of Hagerty Group Units. The redemptions and exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of The Hagerty Group. These increases in tax basis may reduce the amount of tax that Hagerty, Inc. would otherwise be required to pay in the future. This payment obligation as a part of the TRA is an obligation of Hagerty, Inc. and not of The Hagerty Group. For purposes of the TRA, the cash tax savings in income tax will be computed by comparing the actual income tax liability of Hagerty, Inc. (calculated with certain assumptions) to the amount of such taxes that Hagerty, Inc. would have been required to pay had there been no increase to the tax basis of the assets of The Hagerty Group as a result of the redemptions or exchanges and had Hagerty, Inc. not entered into the TRA. Estimating the amount of payments that may be made under the TRA is by nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors.

Contractual Obligations

The following table summarizes significant contractual obligations and other commitments as of December 31, 2022:

	Total	2023	2024	2025	2026	2027	Thereafter
				in thousands			
Debt	$ 108,280	$ —	$ 3,280	$ —	$ 105,000	$ —	$ —
Interest payments	1,304	529	490	285	—	—	—
Operating leases	116,790	12,129	12,206	11,765	11,176	10,984	58,530
Purchase commitments	14,477	10,772	3,705	—	—	—	—
Total	$ 240,851	$ 23,430	$ 19,681	$ 12,050	$ 116,176	$ 10,984	$ 58,530

Interest payments excludes variable rate debt interest payments and commitment fees related to our Credit Facility.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet financing arrangements as of December 31, 2022.

Critical Accounting Estimates

Our significant accounting policies are described in Note 1 — Summary of Significant Accounting Policies and New Accounting Standards, in Item 8 of Part II of this Annual Report on Form 10-K. Our Consolidated Financial Statements are prepared in accordance with GAAP. The preparation of our Consolidated Financial Statements requires management to make assumptions and estimates that affect the reported results of operations and financial position, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. The following is a discussion of the accounting estimates and judgments that management believes are most significant in the application of GAAP used in the preparation of our Consolidated Financial Statements. These accounting estimates, among others, may involve a high degree of complexity and judgment on the part of management. Further, these estimates and other factors could have a significant impact to our financial condition, results of operations and cash flows. Management evaluates its significant accounting estimates on an ongoing basis using historical experience and various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from management's estimates.

Unpaid Losses and Loss Adjustment Expenses

Unpaid losses and loss adjustment expenses are the difference between the estimated ultimate cost of losses incurred and the amount of paid losses as of the reporting date. These reserves reflect management’s best estimate of unpaid losses related to both reported claims and IBNR claims. The reserves also include estimates of all expenses associated with processing and settling reported and unreported claims. We regularly review our reserve estimates and update those estimates as new information becomes available or as events emerge that may affect the resolution of unsettled claims. Updates made to reserve estimates based on new information may cause changes in prior reserve estimates. These changes are recorded as losses and loss adjustment expenses in the period such changes are determined. Estimating the ultimate cost of claims and claims expenses is an inherently complex and subjective process that involves a high degree of judgment. The judgments made by management in estimating the provision for unpaid losses and loss adjustment expenses are impacted by:

- uncertainty around inflationary costs, both economic and social inflation;
- estimates of expected losses through the use of historical loss data;
- the changing mix of business due to the large growth in modern collectible cars which carry a different risk profile than the risks associated with classic cars;
- legislative and judicial changes in the jurisdictions in which we write insurance; and
- management's industry experience.

Claims are analyzed and reported based on the accident year or the year in which the claims occurred. Accident year data is classified and utilized within actuarial models to prepare estimates of required reserves for payments to be made in the future. The timing of claim settlement varies and depends on the type of claim being reported (i.e. property damage as compared to personal injury claims). Claims involving property damage are generally settled faster than personal injury claims. Historical loss patterns are then applied to actual paid losses and reported losses by accident year to develop expectations of future payments. Implicit within the actuarial models are estimates of the impacts of inflation, especially for claims with longer expected cycle times. Refer to Note 11 — Provision for Unpaid Losses and Loss Adjustment Expenses in Item 8 of Part II of this Annual Report on Form 10-K for additional information regarding the methodologies used to estimate loss and loss adjustment expense reserves.

Given the inherent complexity and uncertainty regarding the estimate of our ultimate cost of settling claims, reserves are reviewed quarterly and periodically throughout the year by combining historical results and current actual results to calculate new development factors. In estimating loss and loss adjustment expense reserves, our actuarial reserving group considers claim cycle time, claims settlement practices, adequacy of case reserves over time, and current economic conditions. Because actual experience can differ from key assumptions used in estimating reserves, there may be significant variation in the development of these reserves and the actual losses and loss adjustment expenses ultimately paid in the future. These adjustments to the loss and loss adjustment expense reserves are recognized in our Consolidated Statements of Operations in the period in which the change occurs.

The following table presents our gross and net provision for losses and loss adjustment expenses as of December 31, 2022 and 2021:

	Gross	% of Total	Net	% of Total
	in thousands (except percentages)			
	As of December 31, 2022			
Outstanding losses reported	$ 66,824	59.8 %	$ 65,981	59.5 %
IBNR	44,917	40.2 %	44,917	40.5 %
Total provision for unpaid losses and loss adjustment expenses	$ 111,741	100.0 %	$ 110,898	100.0 %
	As of December 31, 2021			
Outstanding losses reported	$ 38,207	51.0 %	$ 38,207	51.0 %
IBNR	36,662	49.0 %	36,662	49.0 %
Total provision for unpaid losses and loss adjustment expenses	$ 74,869	100.0 %	$ 74,869	100.0 %

The following table summarizes our gross losses and loss adjustment expenses, and net losses and loss adjustment expenses by accident years as of December 31, 2022 and 2021:

	Gross Ultimate Loss & Loss Adjustment Expenses			Net Ultimate Loss & Loss Adjustment Expenses		
Accident Year	2022	2021	Change	2022	2021	Change
			in thousands			
2017	$ 18,467	$ 18,592	$ (125)	$ 18,467	$ 18,592	$ (125)
2018	38,405	38,405	—	38,005	38,005	—
2019	60,495	60,495	—	60,495	60,495	—
2020	86,113	87,583	(1,470)	86,113	87,583	(1,470)
2021	130,016	132,497	(2,481)	130,016	132,497	(2,481)
2022	191,815	N/A	N/A	186,463	N/A	N/A
Total	$ 525,311	$ 337,572	$ (4,076)	$ 519,559	$ 337,172	$ (4,076)

Warrant Liabilities

Our warrants are accounted for in accordance with ASC 815. The warrants do not meet the criteria for equity treatment and as such, are recorded at fair value as a liability. The fair value of this liability is subject to remeasurement each reporting period.

Our Public Warrants are Level 1 within the fair value hierarchy as they are measured utilizing quoted market prices. We determined that our Private Placement Warrants, OTM Warrants, Underwriter Warrants and PIPE Warrants are Level 3 within the fair value hierarchy. We utilize a Monte Carlo simulation model to measure the fair value of these warrants. Our Monte Carlo simulation model includes assumptions related to the expected stock-price volatility, expected term, dividend yield and risk-free interest rate.

The impact of remeasuring the fair value of the warrants is recognized within Change in fair value of warrant liabilities in the Consolidated Statements of Operations each reporting period.

Refer to Note 15 — Fair Value Measurements, in Item 8 of Part II of this Annual Report on Form 10-K, for additional information related to the significant inputs to the Monte Carlo simulation model.

Liabilities under the Tax Receivable Agreement

In connection with the Business Combination, Hagerty, Inc. entered into a TRA with the Legacy Unit Holders. The amount and timing of any payments under the TRA will vary depending on a number of factors, including, but not limited to, the increase in tax basis of The Hagerty Group's assets, the timing of any future redemptions, exchanges or purchases of Hagerty Group Units held by Legacy Unit Holders, the price of Class A Common Stock at the time of the purchase, redemption or exchange, the extent to which redemptions or exchanges are taxable, the amount and timing of the taxable income that Hagerty, Inc. generates in the future, the tax rates then applicable and the portion of the payments under the TRA constituting imputed interest. Hagerty, Inc. recognized a liability of $3.2 million and $3.5 million relating to obligations under the TRA for the years ended December 31, 2022 and 2021, respectively. Refer to Note 1 — Summary of Significant Accounting Policies and New Accounting Standards, in Item 8 of Part II of this Annual Report on Form 10-K, for additional information related to the TRA.

Acquisitions and Investments

A component of our growth strategy has been to acquire and integrate businesses that complement our existing operations. We account for business combinations in accordance with the guidance for business combinations and related literature. Accordingly, we allocate the purchase price of acquired businesses to the identifiable tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. Any purchase consideration in excess of the estimated fair values of the net assets acquired is recorded as goodwill. In determining the estimated fair values of assets acquired and liabilities assumed in a business combination, we use various recognized valuation methods including the income, market and cost approaches. Valuations are performed by management or independent valuation specialists under management’s supervision, where appropriate.

Accounting for business combinations requires our management to make significant estimates and assumptions, especially at the acquisition date, including our estimates for intangible assets, contractual obligations assumed and contingent consideration, where applicable. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Examples of critical estimates in valuing certain of the intangible assets we have acquired include, but are not limited to: determination of weighted average cost of capital, market participant assumptions, royalty rates, terminal multiples and estimates of future cash flows to be generated by the acquired assets. In addition to the estimates and assumptions applied to valuing intangible assets acquired, the determination of the estimated fair value of contingent consideration, including estimating the likelihood and timing of achieving the relevant thresholds for contingent consideration payments, requires the use of subjective judgments.

We believe that the estimated fair values assigned to the assets acquired and liabilities assumed are based on reasonable assumptions that a marketplace participant would use. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the estimated fair values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments would be recorded in our Consolidated Statements of Operations.

We recognize the fair value of contingent consideration at the date of acquisition as part of the consideration transferred to acquire a business. The liability associated with contingent consideration is remeasured to fair value at each reporting period subsequent to the date of acquisition taking into consideration changes in financial projections and long-term growth rates, among other factors, that may impact the timing and amount of contingent consideration payments until the term of the agreement has expired or the contingency is resolved. Increases in the fair value of contingent consideration are recorded as losses in our Consolidated Statements of Operations, while decreases in fair value are recorded as gains.

Goodwill and Intangible Assets

Goodwill is tested for impairment at least annually as of October 1 or between annual events if an event occurs or circumstances change that would more likely than not reduce the estimated fair value of a reporting unit below its carrying value. As of October 1, 2022, we performed a qualitative analysis in which we determined that it was not more likely than not that the fair values of our reporting units with goodwill were less than their carrying values. Our intangible assets are evaluated for impairment only when there is evidence that events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

Application of the goodwill impairment test requires judgment, including the identification of reporting units and the determination of the estimated fair value of reporting units. For reporting units with goodwill, we perform a qualitative analysis to determine whether it is more likely than not the fair value of the reporting unit is less than its carrying amount. When assessing goodwill for impairment, our decision to perform a qualitative assessment for an individual reporting unit is based on a number of factors, including the carrying value of the reporting unit's goodwill, the amount of time in

between quantitative fair value assessments, macro-economic conditions, industry and market conditions and the operating performance of the reporting unit. If it is determined, based on qualitative factors, that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, a quantitative impairment test is performed, in which we determine the estimated fair value of the reporting unit using a discounted cash flow analysis. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, available industry/market data (to the extent available), estimation of the long-term rate of growth for the reporting unit including expectations and assumptions regarding the impact of general economic conditions on the reporting unit, estimation of the useful life over which cash flows will occur (including terminal multiples), determination of the respective weighted average cost of capital and market participant assumptions. Changes in these estimates and assumptions could materially affect the determination of estimated fair value and potential impairment for each reporting unit.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment test will prove to be an accurate prediction of the future. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of our reporting units may include such items as: (1) failure to meet business plans; (2) deterioration of the U.S. economy; (3) an increase in interest rates; or (4) other unanticipated events and circumstances that may decrease the projected cash flows or increase the discounts rates and could potentially result in an impairment charge.

While historical performance and current expectations have generally resulted in the conclusion that our goodwill is not impaired, if our assumptions are not realized, it is possible that an impairment charge may need to be recorded in the future. There can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment tests will prove to be an accurate prediction of the future.

New Accounting Standards

New accounting standards are described in Note 1 — Summary of Significant Accounting Policies and New Accounting Standards, in Item 8 of Part II of this Annual Report on Form 10-K.

Non-GAAP Financial Measures

Adjusted EBITDA

We define Adjusted EBITDA as consolidated net income (loss) (the most directly comparable GAAP measure) before interest and other income (expense), income tax (expense) benefit, and depreciation and amortization, adjusted to exclude (i) restructuring, impairment and related charges, net, (ii) changes in the fair value of warrant liabilities, (iii) stock-based compensation expense, (iv) the revaluation gain on a previously held equity method investment, (v) expense associated with the accelerated vesting of incentive plans, (vi) net gains and losses from asset disposals and (vii) certain other unusual items. We present Adjusted EBITDA because we consider it to be an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry.

Our management uses Adjusted EBITDA:

- as a measurement of operating performance of our business on a consistent basis, as it removes the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- to evaluate the performance and effectiveness of our operational strategies;
- to evaluate our capacity to expand our business;
- as a performance factor in measuring performance under our executive compensation plan; and
- as a predictor of core operating performance, comparisons to prior periods and competitive positioning.

By providing this non-GAAP financial measure, together with a reconciliation to net income (loss), which is the most directly comparable GAAP measure, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. However, Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as an alternative to, or a substitute for net income (loss) or other financial statement data presented in our Consolidated Financial Statements as indicators of financial performance. Hagerty's Adjusted EBITDA may be determined or calculated differently than similarly titled measures of other companies in our industry, which could reduce the usefulness of this non-GAAP financial measure when comparing our performance to that of other companies.

The following table reconciles Adjusted EBITDA to the most directly comparable GAAP measure, which is Net income (loss):

	Year Ended December 31,	
	2022	2021
	in thousands	
Net income (loss)	$ 2,403	$ (61,354)
Interest and other (income) expense	(2,028)	1,993
Income tax (benefit) expense	7,017	6,751
Depreciation and amortization	33,887	22,144
Restructuring, impairment and related charges, net	18,324	—
Change in fair value of warrant liabilities	(41,899)	42,540
Stock-based compensation expense	12,129	—
Revaluation gain on previously held equity method investment	(34,735)	—
Accelerated vesting of incentive plans	—	9,321
Net (gain) loss from asset disposals	1,970	1,764
Other unusual items [(1)]	992	2,191
Adjusted EBITDA	$ (1,940)	$ 25,350

[(1)] Other unusual items in 2021 relates to expenses incurred related to the Business Combination. Other unusual items in 2022 relates to certain severance and legal settlement expenses.

Net income (loss) and Adjusted EBITDA for the year ended December 31, 2022 include $10.0 million of estimated net losses related to Hurricane Ian. Additionally, we strengthened reserves for U.S. auto liability by $6.5 million for the 2022 accident year. Both of these events adversely impacted the 2022 results compared to the year ended December 31, 2021.

We incurred $29.8 million and $31.0 million during the years ended December 31, 2022 and 2021, respectively, for certain pre-revenue costs related to scaling our infrastructure, newly-developed digital platforms and legacy systems, human resources and occupancy to accommodate our alliance with State Farm and other potential distribution partnerships as well as to further develop our Marketplace initiatives. These costs were not included in the Adjusted EBITDA reconciliation above.

Pursuant to a defined set of activities and objectives, these expenses are adding entirely new capabilities for us, integrating our new and legacy policyholder, membership and Marketplace systems with State Farm's legacy policy and agent management systems and other third-party platforms.

Adjusted EPS

We define Adjusted Earnings (Loss) Per Share ("Adjusted EPS") as consolidated Net income (loss) attributable to both our controlling and non-controlling interest, less the change in fair value of our warrants and the revaluation gain on previously held equity method investment, divided by our outstanding and total potentially dilutive securities. The total potentially dilutive securities includes (1) the weighted-average issued and outstanding shares of Class A Common Stock, (2) all issued and outstanding non-controlling interest Hagerty Group Units, (3) all unexercised warrants and (4) all unissued stock-based compensation awards.

In the third quarter of 2022, we began removing (1) the change in fair value of our warrants and (2) the revaluation gain on previously held equity method investment from consolidated Net income (loss) attributable to both our controlling and non-controlling interest for purposes of calculating Adjusted EPS. For comparability, references to prior period non-GAAP measures have been updated to show the effect of removing the change in the fair value of our warrants from Adjusted EPS. We believe this updated presentation of Adjusted EPS enhances investors' understanding of our financial performance from activities occurring in the ordinary course of our business.

The most directly comparable GAAP measure is basic earnings per share ("Basic EPS"), which is calculated as Net income (loss) attributable to controlling interest divided by the weighted average of Class A Common Stock outstanding during the period.

We present Adjusted EPS because we consider it to be an important supplemental measure of our operating performance and believe it is used by investors and securities analysts in evaluating the consolidated performance of other companies in our industry. We also believe that Adjusted EPS, which compares our consolidated Net income (loss) (which includes our controlling and non-controlling interest) with our outstanding and potentially dilutive shares, provides useful information to investors regarding our performance on a fully consolidated basis.

Our management uses Adjusted EPS:

- as a measurement of operating performance of our business on a fully consolidated basis;
- to evaluate the performance and effectiveness of our operational strategies;
- to evaluate our capacity to expand our business; and
- as a preferred predictor of core operating performance, comparisons to prior periods and competitive positioning.

We caution investors that Adjusted EPS is not a recognized measure under GAAP and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, including Basic EPS, and that Adjusted EPS, as we define it, may be defined or calculated differently by other companies. In addition, Adjusted EPS has limitations as an analytical tool and should not be considered as a measure of profit or loss per share.

The following table reconciles Adjusted EPS to the most directly comparable GAAP measure, which is Basic EPS:

	Year Ended December 31,	
	2022	2021
	in thousands (except per share amounts)	
Numerator:		
Net income (loss) attributable to controlling interest[1]	$ 32,078	$ (46,358)
Net income (loss) attributable to non-controlling interest	(29,675)	(398)
Net income (loss) attributable to redeemable non-controlling interest	—	(14,598)
Consolidated net income (loss)	$ 2,403	$ (61,354)
Change in fair value of warrant liabilities	(41,899)	42,540
Revaluation gain on previously held equity method investment	(34,735)	—
Adjusted consolidated net income (loss)[2]	$ (74,231)	$ (18,814)
Denominator:		
Weighted-average shares of Class A Common Stock outstanding — Basic[1]	82,728	82,327
Total potentially dilutive securities outstanding:		
Conversion of non-controlling interest Hagerty Group Units to Class A Common Stock	255,758	251,034
Total warrants outstanding	19,484	20,006
Total unissued stock-based compensation	6,902	—
Potentially dilutive shares outstanding	282,144	271,040
Fully dilutive shares outstanding[2]	364,872	353,367
Basic EPS = (Net income (loss) attributable to controlling interest / Weighted-average shares of Class A Common Stock outstanding)[1]	$ 0.39	$ (0.56)
Adjusted EPS = (Adjusted consolidated net income (loss) / Fully dilutive shares outstanding)[2]	$ (0.20)	$ (0.05)

[1] Numerator and Denominator of the GAAP measure Basic EPS
[2] Numerator and Denominator of the non-GAAP measure Adjusted EPS

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act, and are not required to provide the information otherwise required under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial Statements	Page No.
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All other schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Hagerty, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hagerty, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), changes in members' and stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Detroit, Michigan
March 14, 2023

We have served as the Company's auditor since 2019.

Hagerty, Inc.
Consolidated Statements of Operations

	Year Ended December 31,	
	2022	2021
REVENUE:	*in thousands (except per share amounts)*	
Commission and fee revenue	$ 307,238	$ 271,571
Earned premium	403,061	295,824
Membership, marketplace and other revenue	77,289	51,684
Total revenue	787,588	619,079
OPERATING EXPENSES:		
Salaries and benefits	199,542	171,901
Ceding commission	191,150	140,983
Losses and loss adjustment expenses	182,402	122,080
Sales expense	140,781	107,483
General and administrative services	89,068	64,558
Depreciation and amortization	33,887	22,144
Restructuring, impairment and related charges, net	18,324	—
Total operating expenses	855,154	629,149
OPERATING INCOME (LOSS)	(67,566)	(10,070)
Change in fair value of warrant liabilities	41,899	(42,540)
Revaluation gain on previously held equity method investment	34,735	—
Interest and other income (expense)	2,028	(1,993)
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	11,096	(54,603)
Income tax benefit (expense)	(7,017)	(6,751)
Income (loss) from equity method investment, net of tax	(1,676)	—
NET INCOME (LOSS)	2,403	(61,354)
Net loss (income) attributable to non-controlling interest	29,675	398
Net loss (income) attributable to redeemable non-controlling interest	—	14,598
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	$ 32,078	$ (46,358)
Earnings (loss) per share of Class A Common Stock:		
Basic	$ 0.39	$ (0.56)
Diluted	$ (0.07)	$ (0.56)
Weighted-average shares of Class A Common Stock outstanding:		
Basic	82,728	82,327
Diluted	336,147	82,327

The accompanying Notes are an integral part of these Consolidated Financial Statements.
See Note 23 for information regarding Related-Party Transactions.

Hagerty, Inc.
Consolidated Statements of Comprehensive Income (Loss)

	Year Ended December 31,	
	2022	2021
	in thousands	
Net income (loss)	$ 2,403	$ (61,354)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(1,834)	(792)
Derivative instruments	2,699	1,019
Other comprehensive income (loss)	865	227
Comprehensive income (loss)	3,268	(61,127)
Comprehensive loss (income) attributable to non-controlling interest	29,675	398
Comprehensive loss (income) attributable to redeemable non-controlling interest	—	14,598
Comprehensive income (loss) attributable to controlling interest	$ 32,943	$ (46,131)

The accompanying Notes are an integral part of these Consolidated Financial Statements.
See Note 23 for information regarding Related-Party Transactions.

Hagerty, Inc.
Consolidated Balance Sheets

	December 31, 2022	December 31, 2021
ASSETS	*in thousands (except share amounts)*	
Current Assets:		
Cash and cash equivalents	$ 95,172	$ 275,332
Restricted cash and cash equivalents	444,019	328,640
Accounts receivable	58,255	46,729
Premiums receivable	100,700	75,297
Commission receivable	60,151	57,596
Prepaid expenses and other current assets	45,651	30,155
Notes receivable	25,493	—
Deferred acquisition costs, net	107,342	81,535
Total current assets	936,783	895,284
Long-Term Assets:		
Prepaid expenses and other non-current assets	37,082	30,565
Notes receivable	11,934	—
Property and equipment, net	25,256	28,363
Lease right-of-use assets	82,398	—
Intangible assets, net	104,024	76,171
Goodwill	115,041	11,488
Total long-term assets	375,735	146,587
TOTAL ASSETS	$ 1,312,518	$ 1,041,871
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	$ 16,282	$ 9,084
Losses payable	55,516	34,482
Provision for unpaid losses and loss adjustment expenses	111,741	74,869
Unearned premiums	235,462	175,199
Commissions payable	77,075	60,603
Due to insurers	68,171	58,031
Advanced premiums	17,084	13,867
Contract liabilities	25,257	21,723
Current lease liabilities	7,556	—
Accrued expenses and other current liabilities	53,211	47,960
Total current liabilities	667,355	495,818
Long-Term Liabilities:		
Accrued expenses	7,952	13,166
Contract liabilities	19,169	19,667
Long-term lease liabilities	80,772	—
Long-term debt	108,280	135,500
Deferred tax liability	12,850	10,510
Warrant liabilities	45,561	89,366
Other long-term liabilities	3,210	7,043
Total long-term liabilities	277,794	275,252
TOTAL LIABILITIES	$ 945,149	$ 771,070

(continued)

The accompanying Notes are an integral part of these Consolidated Financial Statements.
See Note 23 for information regarding Related-Party Transactions.

Hagerty, Inc.
Consolidated Balance Sheets

	December 31, 2022	December 31, 2021
	in thousands (except share amounts)	
Commitments and Contingencies (Note 24)		
Redeemable non-controlling interest (Note 18)	$ —	$ 593,277
STOCKHOLDERS' EQUITY		
Preferred stock, $0.0001 par value (20,000,000 shares authorized, no shares issued and outstanding as of December 31, 2022 and 2021, respectively)	—	—
Class A common stock, $0.0001 par value (500,000,000 shares authorized, 83,202,969 and 82,327,466 shares issued and outstanding as of December 31, 2022 and 2021, respectively)	8	8
Class V common stock, $0.0001 par value (300,000,000 shares authorized, 251,033,906 shares issued and outstanding as of December 31, 2022 and 2021)	25	25
Additional paid-in capital	549,034	160,189
Accumulated earnings (deficit)	(489,602)	(482,276)
Accumulated other comprehensive income (loss)	(213)	(1,727)
Total stockholders' equity:	59,252	(323,781)
Non-controlling interest	308,117	1,305
Total equity (Note 18)	367,369	(322,476)
TOTAL LIABILITIES AND EQUITY	$ 1,312,518	$ 1,041,871

(concluded)

The accompanying Notes are an integral part of these Consolidated Financial Statements.
See Note 23 for information regarding Related-Party Transactions.

Hagerty, Inc.
Consolidated Statements of Changes in Members' and Stockholders' Equity

in thousands	Members' Equity	Class A Common Stock		Class V Common Stock		Additional Paid in Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' / Members' Equity	Non-controlling Interest	Total Equity	Redeemable Non-controlling Interest
		Shares	Amount	Shares	Amount							
Balance at December 31, 2020	$ 62,320	—	$ —	—	$ —	$ —	$ 56,832	$ (1,954)	$ 117,198	$ 123	$ 117,321	$ —
Net income (loss) before transaction	—	—	—	—	—	—	(3,089)	—	(3,089)	(312)	(3,401)	—
Other comprehensive income (loss) before transaction	—	—	—	—	—	—	—	248	248	—	248	—
Distributions before transaction	(4,056)	—	—	—	—	—	—	—	(4,056)	—	(4,056)	—
Non-controlling interest issued capital before transaction	—	—	—	—	—	—	—	—	—	1,580	1,580	—
Business Combination	(58,264)	82,327	8	251,034	25	526,711	(489,661)	—	(21,181)	—	(21,181)	238,265
Net income (loss) after transaction	—	—	—	—	—	—	(46,358)	—	(46,358)	(86)	(46,444)	(11,510)
Other comprehensive income (loss) after transaction	—	—	—	—	—	—	—	(21)	(21)	—	(21)	—
Fair value adjustment for redeemable non-controlling interest	—	—	—	—	—	(366,522)	—	—	(366,522)	—	(366,522)	366,522
Balance at December 31, 2021	$ —	82,327	$ 8	251,034	$ 25	$ 160,189	$ (482,276)	$ (1,727)	$ (323,781)	$ 1,305	$ (322,476)	$ 593,277
Net income (loss) before exchange agreement amendment	—	—	—	—	—	—	(3,679)	—	(3,679)	(172)	(3,851)	(11,205)
Other comprehensive income (loss) before exchange agreement amendment	—	—	—	—	—	—	—	1,657	1,657	—	1,657	—
Redemption value adjustment for redeemable non-controlling interest	—	—	—	—	—	(162,095)	(1,398,325)	—	(1,560,420)	—	(1,560,420)	1,560,418
Removal of the redeemable feature of the non-controlling interest	—	—	—	—	—	528,615	1,398,325	—	1,926,940	215,550	2,142,490	(2,142,490)
Net income (loss) after exchange agreement amendment	—	—	—	—	—	—	35,757	—	35,757	(18,298)	17,459	—
Other comprehensive income (loss) after exchange agreement amendment	—	—	—	—	—	—	—	(792)	(792)	—	(792)	—
Exercise of warrants	—	125	—	—	—	1,906	—	—	1,906	—	1,906	—
Restricted stock issued	—	37	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	12,129	—	—	12,129	—	12,129	—
Non-controlling interest issued capital	—	—	—	—	—	—	—	—	—	1,700	1,700	—
Broad Arrow acquisition	—	714	—	—	—	9,613	—	—	9,613	63,640	73,253	—
Cumulative effect of adoption of ASC 842	—	—	—	—	—	—	1,066	—	1,066	3,248	4,314	—
Reallocation between controlling and non-controlling interest	—	—	—	—	—	(1,323)	(40,470)	649	(41,144)	41,144	—	—
Balance at December 31, 2022	$ —	83,203	$ 8	251,034	$ 25	$ 549,034	$ (489,602)	$ (213)	$ 59,252	$ 308,117	$ 367,369	$ —

The accompanying Notes are an integral part of these Consolidated Financial Statements.
See Note 23 for information regarding Related-Party Transactions.

Hagerty, Inc.
Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
OPERATING ACTIVITIES:	*in thousands*	
Net income (loss)	$ 2,403	$ (61,354)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Change in fair value of warrant liabilities	(41,899)	42,540
Loss on equity method investment	1,676	—
Revaluation gain on previously held equity method investment	(34,735)	—
Impairment of operating lease right-of-use assets	4,698	—
Depreciation and amortization expense	33,887	22,144
Provision for deferred taxes	2,973	3,038
Loss on disposals of equipment, software and other assets	4,316	2,425
Stock-based compensation expense	12,129	—
Non-cash lease expense	10,875	—
Other	533	155
Changes in assets and liabilities:		
Accounts receivable	(24,059)	(13,449)
Premiums receivable	(25,403)	(22,669)
Commission receivable	(2,574)	(3,005)
Prepaid expenses and other assets	(12,021)	(18,523)
Deferred acquisition costs	(25,807)	(22,963)
Accounts payable	10,834	(2,890)
Losses payable	21,034	12,502
Provision for unpaid losses and loss adjustment expenses	36,872	19,882
Unearned premiums	60,263	50,491
Commissions payable	16,472	16,805
Due to insurers	10,427	8,883
Advanced premiums	3,259	124
Contract liabilities	(2,285)	2,049
Operating lease liabilities	(9,779)	—
Accrued expenses and other current liabilities	1,239	6,096
Net Cash Provided by Operating Activities	55,328	42,281
INVESTING ACTIVITIES:		
Purchases of property, equipment and software	(44,375)	(43,370)
Acquisitions, net of cash acquired	(15,404)	(14,609)
Purchase of previously held equity method investment	(15,250)	—
Issuance of note receivable to previously held equity investment	(7,000)	—
Issuance of notes receivable	(6,123)	—
Proceeds from notes receivable	370	—
Purchase of fixed income securities	(4,234)	(12,246)
Maturities of fixed income securities	1,216	1,183
Other investing activities	(721)	48
Net Cash Used in Investing Activities	$ (91,521)	$ (68,994)

(continued)

The accompanying Notes are an integral part of these Consolidated Financial Statements.
See Note 23 for information regarding Related-Party Transactions.

Hagerty, Inc.
Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
FINANCING ACTIVITIES:	*in thousands*	
Payments on long-term debt	$ (122,500)	$ (42,500)
Proceeds from long-term debt	94,367	109,000
Contribution from non-controlling interest	1,700	1,580
Distributions	—	(4,056)
Deferred financing costs	—	(962)
Cash received in Business Combination	—	789,661
Cash consideration to HHC at Closing of Business Combination	—	(489,661)
Payment of capitalized transaction costs	(1,651)	(30,991)
Net Cash Provided by (Used in) Financing Activities	(28,084)	332,071
Effect of exchange rate changes on cash and cash equivalents and restricted cash and cash equivalents	(504)	(464)
Change in cash and cash equivalents and restricted cash and cash equivalents	(64,781)	304,894
Beginning cash and cash equivalents and restricted cash and cash equivalents	603,972	299,078
Ending cash and cash equivalents and restricted cash and cash equivalents	$ 539,191	$ 603,972
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Purchase of property, equipment and software	$ 1,592	$ 4,668
Broad Arrow acquisition	$ 73,253	$ —
Other acquisitions	$ 8,273	$ 3,774
Warrant liabilities recognized in Business Combination	$ —	$ 46,826
CASH PAID FOR:		
Interest	$ 4,868	$ 2,502
Income taxes	$ 5,253	$ 2,160
		(concluded)

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents as presented for the years ended December 31, 2022 and 2021:

	2022	2021
	in thousands	
Cash and cash equivalents	$ 95,172	$ 275,332
Restricted cash and cash equivalents	444,019	328,640
Total cash and cash equivalents and restricted cash and cash equivalents on the Consolidated Statements of Cash Flows	$ 539,191	$ 603,972

The accompanying Notes are an integral part of these Consolidated Financial Statements.
See Note 23 for information regarding Related-Party Transactions.

Hagerty, Inc.
Notes To Consolidated Financial Statements

1 — Summary of Significant Accounting Policies and New Accounting Standards

Description of Business — In these notes to the Consolidated Financial Statements, "we," "our," "us," "Hagerty," "HGTY," and the "Company" refer to Hagerty, Inc., formerly known as Aldel Financial Inc. ("Aldel"), and its consolidated subsidiaries including The Hagerty Group, LLC ("The Hagerty Group"), unless the context requires otherwise. Hagerty is a global market leader in providing insurance for classic cars and enthusiast vehicles. In addition, Hagerty provides an automotive enthusiast platform that engages, entertains and connects with its insurance policyholders and Hagerty Drivers Club ("HDC") paid subscribers ("Members") and other car enthusiasts.

The Company operates several entities which collectively support Hagerty's revenue streams. Hagerty earns commission and fee revenue for the distribution and servicing of classic and collector motor vehicle and boat insurance policies written through personal and commercial lines agency agreements with multiple insurance carriers in the United States ("U.S."), Canada and the United Kingdom ("U.K.").

Reinsurance premiums are earned through Hagerty Reinsurance Limited ("Hagerty Re"), which is registered as a Class 3A reinsurer under the Bermuda Insurance Act 1978. Hagerty Re solely reinsures the classic and collector auto and marine risks written through Hagerty's Managing General Agency ("MGA") entities in the U.S., Canada and the U.K.

- The business produced by Hagerty's U.S. MGAs is written by Essentia Insurance Company ("Essentia") and reinsured with its affiliate, Evanston Insurance Company ("Evanston"). In turn, Hagerty Re assumes premiums through a quota share agreement with Evanston. Essentia and Evanston are wholly owned subsidiaries of Markel Corporation ("Markel"), which is a related party. Refer to Note 23 — Related-Party Transactions for additional information.
- The business produced by Hagerty's Canadian MGA is written by Aviva Canada Inc. ("Aviva"), through Aviva's Canadian subsidiary, Elite Insurance Company, ("Elite"). In turn, Hagerty Re assumes premiums through a quota share agreement with Elite.
- In 2021, Hagerty Re entered into a reinsurance agreement with Markel International Insurance Company Limited to reinsure classic and collector auto risks produced by Hagerty's U.K. MGA. In connection with this agreement, Hagerty Re purchased reinsurance to limit its liability to £1,000,000 per claim as U.K. law requires unlimited liability coverage. Markel International Insurance Company Limited is a subsidiary of Markel, which is a related party. Refer to Note 23 — Related-Party Transactions for additional information.

The Company earns subscription revenue through HDC membership offerings. HDC memberships are sold as a bundled product which give Members access to our products and services, including Hagerty Drivers Club Magazine, automotive enthusiast events, our proprietary vehicle valuation tool, emergency roadside services and special vehicle-related discounts. Marketplace offers services for buying and selling collector vehicles through classified listings, auctions and private sales, and also provides asset-based financing. The Company also owns and operates collector vehicle events, including The Amelia and Greenwich Concours d'Elegance, earning revenue through ticket sales and sponsorships. Lastly, the Company operates Hagerty Garage + Social, a network of world-class vehicle storage and exclusive social club facilities for classic, collector and exotic car owners.

In January 2022, the Company entered into a joint venture with Broad Arrow Group, Inc. and its consolidated subsidiaries ("Broad Arrow"), pursuant to which Hagerty invested $15.3 million in exchange for equity ownership of approximately 40% of Broad Arrow. Then, in August 2022, the Company acquired the remaining 60% equity interest in Broad Arrow in exchange for approximately $73.3 million of equity consideration consisting of Class A Common Stock and limited liability units in The Hagerty Group ("Hagerty Group Units"). As a result of this acquisition, the Company and Broad Arrow expect to further leverage their respective product offerings and continue to build Marketplace. Refer to Note 9 — Acquisitions and Investments for additional information.

The Company’s headquarters are located in Traverse City, Michigan.

Basis of Presentation — The Company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission and include the accounts of Hagerty, Inc. and The Hagerty Group with its consolidated subsidiaries.

The financial statements reflect all normal recurring adjustments and accruals that are, in the opinion of management, necessary for a fair statement of financial position and results of operations for the periods presented.

Principles of Consolidation — The Company's Consolidated Financial Statements contain the accounts of Hagerty and its majority-owned or controlled subsidiaries. The Company had economic ownership of 24.5% and 24.7% of The Hagerty Group as of December 31, 2022 and 2021, respectively. In addition, Member Hubs Holding, LLC ("MHH"), which operates as Hagerty Garage + Social, is an 80% owned subsidiary of The Hagerty Group. The Company consolidates these entities under the voting interest method guidance in accordance with Accounting Standards Codification ("ASC") Topic 810, *Consolidations* ("ASC 810"). Non-controlling interest is presented separately on the Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income (Loss), Consolidated Balance Sheets and the Consolidated Statements of Changes in Members' and Stockholders' Equity.

From January 2022 to August 2022, the Company owned approximately 40% of the outstanding equity interest of Broad Arrow and accounted for it as an equity method investment. Subsequent to the acquisition of the remaining 60% outstanding equity interest of Broad Arrow in August 2022, Broad Arrow became a wholly-owned subsidiary of the Company and as a result, is consolidated in accordance with ASC 810. Refer to Note 9 — Acquisitions and Investments for additional information.

All intercompany accounts and transactions have been eliminated in consolidation.

Business Combination — On December 2, 2021 (the "Closing"), The Hagerty Group completed a business combination with Aldel, and Aldel Merger Sub LLC ("Merger Sub"), a Delaware limited liability company and wholly owned subsidiary of Aldel (the "Business Combination"). In connection with the Closing, Aldel changed its name from Aldel Financial Inc. to Hagerty, Inc.

The Business Combination was accounted for as a common control reverse acquisition, for which The Hagerty Group was determined to be the accounting acquirer and Aldel was treated as the "acquired" company. The Hagerty Group issued equity for the net assets of Aldel, accompanied by a recapitalization. Business combinations in which the legal acquirer is not the accounting acquirer are commonly referred to as "reverse acquisitions". A reverse acquisition occurs when the entity that issues securities (legal acquirer) is identified as the acquiree for accounting purposes and the entity whose equity interests are acquired (the legal acquiree) is identified as the acquirer for accounting purposes. Reverse acquisitions are accounted for in accordance with Subtopic 805-40 of ASC Topic 805, *Business Combinations* ("ASC 805"). While other factors were evaluated but not considered to have a material impact on the determination, The Hagerty Group was determined to be the accounting acquirer based on the following factors:

- Hagerty Holding Corp. ("HHC") controlled the operating company prior to the Business Combination and controls the Company subsequent to the Business Combination through control of the board of directors (the "Board"), as well as by having majority voting ownership.
- The Hagerty Group’s management is also the management of the Company.
- The Hagerty Group is larger as compared to Aldel based on assets, revenue and earnings.

Unless otherwise indicated or the context otherwise requires, "Hagerty" and "the Company" refer to the business and operations of The Hagerty Group and its consolidated subsidiaries prior to the Business Combination and to Hagerty, Inc. and its consolidated subsidiaries, including The Hagerty Group, following the consummation of the Business Combination.

Refer to Note 8 — Business Combination for additional information.

Emerging Growth Company — The Company currently qualifies as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 and can delay the adoption of new or revised accounting standards until those standards would apply to private companies.

The Company intends to avail itself of such extended transition period and, therefore, the Company may not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies or have opted out of using such extended transition period.

Use of Estimates — The preparation of the Company's Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. Although the estimates are considered reasonable, actual results could materially differ from those estimates.

Significant estimates made by management include, but are not limited to: (1) the provision for unpaid losses and loss adjustment expenses, including incurred but not reported ("IBNR") claims; (2) the change in fair value of warrant liabilities; (3) the liability associated with the payments due under the Tax Receivable Agreement ("TRA"); (4) the purchase price allocation and related estimates and assumptions in business combinations; (5) the fair values of the reporting units used in assessing the recoverability of goodwill; and (6) the useful lives of intangible assets. Although some variability is inherent in these estimates, the Company believes that the current estimates are reasonable in all material respects. These estimates are reviewed regularly and adjusted as necessary. Adjustments related to changes in estimates are reflected in the Company's results of operations in the period for which those estimates changed.

Segment Information — The Company has one operating segment and one reportable segment. The Company's Chief Operating Decision Maker ("CODM") is the Chief Executive Officer ("CEO"), who makes resource allocation decisions and assesses performance based on financial information presented on a consolidated basis. The Company's management approach is to utilize an internally developed strategic decision making framework with its Members at the center of all decisions, which requires the CODM to have a consolidated view of the operations so that decisions can be made in the best interest of Hagerty and its Members.

Foreign Currency Translation — The Company translates its foreign operations' assets and liabilities denominated in foreign currencies into U.S. dollars at current rates of exchange as of the balance sheet date, and income and expense items at the average exchange rate for the reporting period. Translation adjustments resulting from exchange rate fluctuations are recorded in "Foreign currency translation adjustments", a component of Accumulated other comprehensive income (loss). Foreign currency transaction gains and losses are recognized within "Interest and other income (expense)" in the Consolidated Statements of Operations.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents — Cash includes amounts held in banks in operating accounts and money market funds. The Company considers money market funds with maturities within 90 days of the purchase date to be equivalent to cash. At December 31, 2022 and 2021, the Company's cash accounts exceeded federally insured limits.

The Company maintains cash collected by its MGAs for premiums from insured parties that have not yet been remitted to insurance companies. These funds are required to be held in trust and segregated from operating cash. These funds and a corresponding liability are included within "Restricted cash and cash equivalents" and "Due to insurers", respectively, on the Consolidated Balance Sheets.

The Company has also established a trust account for the benefit of the ceding insurer as security for Hagerty Re's obligations for losses, loss expenses, unearned premium and profit-sharing commissions. The use of this fund is restricted to the payment of these amounts and is included within "Restricted cash and cash equivalents" on the Consolidated Balance Sheets.

Accounts Receivable — Accounts receivable are recorded, and revenue is recognized, at the latter of the billed or policy effective date, net of estimated cancellations.

Ceded Reinsurance Premiums — Ceded reinsurance premiums are recognized pro-rata over the term of the reinsurance treaties and are recorded as a reduction of "Earned premium" in the Consolidated Statements of Operations. The portion of the reinsurance premium related to the unexpired portions of the treaties at the end of the reporting period is reflected within "Prepaid expenses and other current assets" on the Consolidated Balance Sheets.

Prepaid Expenses and Other Assets — Prepaid expenses and other assets consist primarily of prepaid sales and general and administrative services expenses, prepaid Software-as-a-Service ("SaaS") implementation costs and fixed income investments.

- Prepaid expenses are recorded at cost and amortized over the service term.
- SaaS implementation costs are recorded as incurred in prepaid expenses. The Company expenses the costs incurred during the preliminary project stage and, upon management approval, capitalizes the direct implementation costs once the development phase begins. The Company monitors implementation on an ongoing basis and capitalizes the costs of any major improvements or new functionality. Once the software is fully implemented, the ongoing maintenance costs are expensed.

- Fixed income investments consist of Canadian provincial and municipal bonds which qualify as debt securities under ASC Topic 320 *Investments – Debt Securities*. Fixed income investments are classified as held-to-maturity, as the Company has the intent and ability to hold these investments to maturity, and as a result are carried at amortized cost on the Consolidated Balance Sheets. Amortized cost is the amount at which an investment is acquired, adjusted for applicable accrued interest and accretion of discount or amortization of premium. Premium or discount is amortized on a straight-line basis to maturity. Pricing information for each fixed income security is obtained from our outside investment manager. The Company ultimately determines whether the inputs and the resulting market values are reasonable. Market pricing is based on fair value level 2 guidance using observable inputs such as quoted prices for similar assets at the measurement date. Refer to Note 15 — Fair Value Measurements for additional information.

Notes Receivable — Notes receivable, net of an allowance for loan losses, includes amounts due on term loans secured by collateral consisting of collector cars. Any potential allowance for loan losses is estimated based upon the impact of current economic conditions on the collateral value, knowledge about the client's financial standing and other factors and is evaluated periodically. Term loans are recorded on the date the loan is made based on the loan amount in the agreement. Term loans typically have an initial maturity of up to two years with an option to renew for one year increments, and accrue interest based on the stated rate in the loan agreement. The valuation of collector vehicles is inherently subjective, and the realizable value of collector cars often fluctuates over time. Refer to Note 5 — Notes Receivable for additional information.

Deferred Acquisition Costs — Deferred acquisition costs are comprised of ceding commission and premium taxes that relate directly to the successful acquisition of new or renewal policy premiums by Hagerty Re. Acquisition costs are deferred and recognized in income over the period of the exposure in the underlying insurance treaties.

The Company evaluates the recoverability of deferred acquisition costs by determining if the sum of future-earned premiums is greater than the expected future claims and expenses. Anticipated investment income is also a factor in this determination. If a loss is probable on the unexpired portion of policies in force, a premium deficiency reserve is recognized. At December 31, 2022 and 2021, the deferred acquisition costs were considered fully recoverable and no premium deficiency reserve was recorded.

Property and Equipment — Property and equipment are recorded at cost and depreciated over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of either the lease term or the estimated useful lives of the improvements. Useful lives for financial reporting range from three to seven years for computers, automobiles and office furniture. Building and building improvements have useful lives of 39 years. Upon sale or retirement, the cost and related accumulated depreciation of assets disposed of are removed from the accounts, and any resulting gain or loss is reflected in the Consolidated Statements of Operations. Annual depreciation is calculated based on the straight-line method. Maintenance, repair costs and minor renovations are expensed as incurred, while expenditures that increase the asset lives are capitalized.

Leases — The Company evaluates its contracts to determine whether such contracts contain a lease at inception. A contract contains a lease if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At commencement, contracts containing a lease are further evaluated for classification as an operating lease or finance lease. Operating lease right-of-use ("ROU") assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term, discounted using the Company's incremental borrowing rate. The Company estimates the incremental borrowing rate based on qualitative factors including company specific credit rating, lease term, impact of collateral, general economics and the interest rate environment. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. The Company made a policy election not to recognize ROU assets and lease liabilities for short-term leases for all asset classes. The Company has real estate lease agreements that contain lease and non-lease components, which are accounted for as a single lease component.

The Company’s leases often contain fixed rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. The Company also has lease agreements that are subject to annual changes in the Consumer Price Index ("CPI"). While lease liabilities are not remeasured as a result of changes to the CPI, changes to the CPI are treated as variable lease payments and recognized in the period in which the obligation for those payments has incurred.

The Company’s lease agreements may contain variable costs such as common area maintenance, operating expenses, real estate taxes or other costs. Variable lease costs are expensed as incurred within "General and administrative services" in the Consolidated Statements of Operations. The Company’s lease agreements generally do not contain any residual value guarantees or restrictive covenants.

The Company has the option to extend most of its lease agreements, with renewals ranging from one to 20 years. The Company includes renewal options in lease terms that are deemed reasonably certain of being exercised in the lease term. As it was not reasonably certain that the Company would exercise these renewal options, they were not included in the lease terms for purposes of calculating the Company's lease liability. The Company adopted ASC Topic 842 ("ASC 842") effective January 1, 2022 under the modified retrospective approach. Refer to "Recently Adopted Accounting Guidance" below for additional information.

The Company's primary operating leases consist of office space and Hagerty Garage + Social locations. The Company's leases have remaining terms of one to 14 years. As of December 31, 2022, the Company had not entered into any finance leases. Refer to Note 7 — Leases for additional information.

Intangible Assets — Intangible assets are recorded at cost and amortized over the estimated useful life of each intangible asset. Acquired intangible assets are initially valued at fair value using generally accepted valuation methods appropriate for the type of intangible assets. Intangible assets primarily consist of insurance policy renewal rights, internally developed software, trade names, non-compete agreements and customer relationships. Amortization is recorded using the straight-line method over their estimated useful lives as it approximates the pattern over which economic benefits are realized. Insurance policy renewal rights, internally developed software, trade names, non-complete agreements and customer relationships are amortized over 3 to 25 years. For internally developed software, the Company expenses the costs incurred during the preliminary project stage and capitalizes the direct development costs (including the associated payroll and related costs for employees working on development and outside contractor costs) once management approval is obtained. Refer to Note 10 — Goodwill and Intangible Assets for additional information.

Impairment of Long-Lived Assets — The Company reviews all long-lived assets that have finite lives for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with ASC Topic 360, *Impairment and Disposal of Long-Lived Assets* ("ASC 360"). If it is determined the carrying amount of the asset is not recoverable, the Company recognizes an impairment loss as an operating expense in the current period in the Consolidated Statements of Operations.

Determination of the recoverability of long-lived assets is based on an estimate of the undiscounted cash flows resulting from the use of the assets and its eventual disposition. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as necessary.

For the Company's operating leases, the circumstances that might lead to an impairment of the associated ROU assets and leasehold improvements may include situations when the space is sublet or available for sublease and we do not expect to fully recover the costs of the lease. During the year ended December 31, 2022, the Company recognized an impairment charge of $4.7 million related to operating lease ROU assets, which was recorded within "Restructuring, impairment and related charges, net" in the Consolidated Statements of Operations. Refer to Note 14 — Restructuring, Impairment and Related Charges for additional information. During the year ended December 31, 2021, the Company did not identify any impairment indicators.

Goodwill — Goodwill represents the excess of the cost of a business combination, as defined in ASC 805, over the fair value of net assets acquired, including identifiable intangible assets. Goodwill is tested for impairment at the reporting unit level annually as of October 1, and whenever indicators of impairment exist. The Company evaluates for the potential impairment of goodwill by assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Qualitative factors include industry and market considerations, overall financial performance, and other relevant events and circumstances affecting the reporting unit. If after performing the qualitative assessment, the Company determines it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the Company performs a quantitative fair value test. The primary valuation method used in the quantitative impairment assessment to determine the fair value of the reporting unit has been a discounted cash flow model. The Company primarily uses a discounted cash flow model to determine the fair value of its reporting units, but other valuation methods or comparable transactions may be used when appropriate and applicable to determine the fair value of a reporting unit.

The Company did not recognize any goodwill impairments during the years ended December 31, 2022 and 2021.

Losses Payable — Losses payable represents the amount of losses paid and billed by the primary carrier that have not been paid by Hagerty Re as of the balance sheet date.

Provision for Unpaid Losses and Loss Adjustment Expenses — The provision for unpaid losses and loss adjustment expenses is the difference between the estimated cost of losses incurred and the amount of paid losses as of the reporting date. This reserve reflects management's best estimate of losses related to both reported claims and IBNR claims. The reserve also includes estimates of all expenses associated with processing and settling reported and unreported claims.

Given the inherent complexity and uncertainty regarding the estimate of our ultimate cost of settling claims, reserves are reviewed quarterly and periodically throughout the year by comparing historical results and current results to calculate new development factors. In estimating loss and loss adjustment expense reserves, our actuarial reserving group considers claim cycle time, claims settlement practices, adequacy of case reserves over time and current economic conditions. Because actual experience can differ from key assumptions used in estimating reserves, there may be significant variation in the development of these reserves and the actual losses and loss adjustment expenses ultimately paid in the future. These adjustments to the loss and loss adjustment expense reserves and related reinsurance recoverables are recognized in the Consolidated Statements of Operations in the period in which the change occurs.

The amount of any reinsurance recoverable is determined by applying contract language specific to the Company's third-party reinsurance program to losses and loss expenses arising from claims occurring as a result of a qualifying event. Reinsurance recoverables are recorded within "Prepaid expenses and other current assets" on the Consolidated Balance Sheets.

Due to Insurers — Due to insurers represents the net amount of premium due to carriers based on the respective contract with each carrier. The net amount due is equal to the gross written premium less the Company's commission for policies that have reached their effective date.

Advanced Premiums — Advanced premiums represent the gross written premium received from insurance Members prior to the effective date of the policy. At the effective date of the policy, advanced premiums are reclassified to "Due to insurers" and commission revenue is recognized in the Consolidated Statements of Operations.

Accrued Expenses — Accrued expenses consist primarily of amounts owed for wages, payroll taxes, incentive compensation, benefits, professional services and future installments for purchase consideration resulting from asset acquisitions and business combinations.

Warrant Liabilities — The Company accounts for its outstanding warrants in accordance with ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). The warrants do not meet the criteria for equity treatment and as such, are recorded at fair value as a liability. The fair value of this liability is subject to remeasurement each reporting period and the Company utilizes a Monte Carlo simulation model to value the warrants. The change in the fair value of the warrants is recognized within "Change in fair value of warrant liabilities" in the Consolidated Statements of Operations each reporting period. Refer to Note 20 — Warrant Liabilities for additional information.

Derivative Instruments — The Company enters into certain derivative financial instruments, when available on a cost-effective basis, to mitigate its risk associated with changes in interest rates. The Company accounts for derivatives in accordance with ASC 815, which establishes accounting and reporting standards requiring that all derivative instruments (including certain derivative instruments embedded in other contracts), whether designated as hedging relationships or not, be recorded on the Consolidated Balance Sheets as either an asset or liability measured at fair value. If a derivative is designated as a cash flow hedge for accounting purposes, the effective portion of the change in the fair value of the derivative is recorded in "Other comprehensive income (loss)". If a derivative is not designated as an accounting hedge for accounting purposes, the change in fair value is recognized within "Interest and other income (expense)" in the Consolidated Statements of Operations each reporting period. All derivative instruments are managed on a consolidated basis to efficiently minimize exposures.

Gains and losses related to the derivative instruments are expected to be largely offset by gains and losses on the underlying asset or liability. The Company does not use derivative financial instruments for speculative purposes.

The Company is exposed to credit loss in the event of nonperformance by the counterparties on derivative contracts. It is the Company's policy to manage its credit risk on these transactions by dealing only with financial institutions having a long-term credit rating of "A" or better.

Equity Method Investments — The Company applies the equity method of accounting to 20% to 50% owned investments where Hagerty exercises significant influence, in accordance with ASC Topic 323, *Investments—Equity Method and Joint Ventures*.

Acquisitions — The Company accounts for acquisitions of entities or asset groups that qualify as businesses using the acquisition method of accounting in accordance with ASC 805. Purchase consideration is allocated to the tangible and intangible assets acquired and liabilities assumed based on the estimated fair values as of the acquisition date, which are measured in accordance with the principles outlined in ASC Topic 820, *Fair Value Measurement* ("ASC 820"). The determination of fair value requires management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature. The excess of the total purchase consideration over the fair value of the identified net assets acquired is recognized as goodwill. The results of the acquired businesses are included in the results of operations beginning from the date of acquisition. Acquisition-related costs are expensed as incurred.

During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the allocation of purchase consideration and to the fair values of assets acquired and liabilities assumed to the extent that additional information becomes available. After this period, any subsequent adjustments are recorded in the Consolidated Statements of Operations.

Revenue Recognition — The Company recognizes revenue under both ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606") and ASC Topic 944, *Financial Services — Insurance* ("ASC 944").

Commission and fee revenue

Hagerty earns commissions from its insurance carrier partners for new and renewal policies, as well as fees paid by the carriers' insureds for the binding of insurance coverage. The Company has identified the insurance carrier as its customer and determined that the transaction price is the estimated commissions to be received over the term of the policy. The transaction is determined based on an estimate of premiums placed, net of a constraint for policy changes and cancellations. These commissions and fees, including those paid via installment plan, are earned when the policy becomes effective, as all rights are passed to the insured and the obligation to pay a claim resides with the carrier.

Under the terms of many of its contracts with insurance carrier partners, the Company has the opportunity to earn an annual contingent underwriting commission ("CUC"), or profit share, based on the calendar-year performance of the insurance book of business with each of those insurance carrier partners. The Company's CUC agreements are based on written or earned premium and loss ratio results. Each insurance carrier partner contract and related CUC is calculated independently. The CUCs represent a form of variable consideration associated with the placement of coverage, for which the Company earns commissions and fees. Under ASC 606, the Company must estimate the amount of consideration that it will become entitled to receive during the calendar year such that a significant reversal of revenue is not probable. As such, CUCs are recognized as a contract asset within "Commission receivable" on the Consolidated Balance Sheets in the period that the policy is issued using the applicable premium and payout factors based on the estimated loss ratio from the contract. Revenue from CUCs is recognized throughout the year and settled annually.

Earned premium

Reinsurance premium revenue is earned by Hagerty Re under ASC 944, and represents the earned portion of gross written premiums that Hagerty Re has assumed under quota share reinsurance agreements with our insurance carrier partners. Earned premium is recognized over the term of the policy, which is generally 12 months, with the unearned portion recorded as "Unearned premiums" on the Consolidated Balance Sheets.

Membership, marketplace and other revenue

The Company earns subscription revenue through membership offerings. HDC memberships are sold as a bundled product which give Members access to its products and services, including Hagerty Drivers Club Magazine, automotive enthusiast events, the Company's proprietary vehicle valuation tool, emergency roadside services and special vehicle-related discounts. Hagerty Garage + Social storage memberships include storage in addition to the HDC Member benefits. Revenue from the sale of HDC and storage membership subscriptions is recognized ratably over the period of the membership, resulting in contract liabilities at December 31, 2022 and 2021. The Company treats the membership as a single performance obligation to provide access to stated Member benefits over the life of the membership, which is currently one year.

Marketplace earns fee-based revenue from the sale of collector vehicles through classified listings, live and time-based online auctions and brokered private sales, as well as finance revenue from term loans to high-net-worth individuals and businesses secured by collector cars. Fee-based revenue earned by Marketplace is recognized when the underlying sale is completed. Finance revenue is recognized when earned based on the amount of the outstanding loan, the applicable interest rate on the loan and the length of time the loan was outstanding during the period.

Lastly, other revenue includes sponsorship, admission, advertising, valuation and registration income. Other revenue is recognized when the performance obligation for the related product or service is satisfied.

Contract Assets and Liabilities — The Company recognizes contract assets for amounts due to the Company for CUCs earned but not yet billed under terms of the contract. Contract assets are recorded within "Commission receivable" on the Consolidated Balance Sheets.

Contract liabilities are recorded primarily as deferred revenue when payments are received in advance of performance under a contract before the transfer of goods or services to a customer or fulfillment of the contract obligations. Contract liabilities consist primarily of an advanced commission payment, along with the obligation to fulfill HDC membership benefits over the one-year life of a membership.

Contract Costs — The Company accounts for contract costs under ASC Topic 340, *Other Assets and Deferred Costs*, which requires companies to defer certain incremental costs to obtain customer contracts and certain costs to fulfill customer contracts.

The Company capitalizes the incremental costs to obtain contracts, which are primarily related to commission payments on new policy sales. These deferred costs are amortized within "Sales expense" in the Consolidated Statements of Operations based on the average expected life of the insurance policy and are included within "Prepaid expenses and other assets" on the Company's Consolidated Balance Sheets as of December 31, 2022 and 2021.

Advertising — Advertising and sales promotion costs are expensed the first time the advertising or sales promotion takes place. Advertising costs were $27.8 million and $24.1 million for the years ended December 31, 2022 and 2021, respectively, and are reflected as a component of "Sales expense" in the Consolidated Statements of Operations.

Income Taxes — The Hagerty Group is taxed as a pass-through ownership structure under provisions of the Internal Revenue Code ("IRC") and a similar section of state income tax law, except for certain U.S. corporate subsidiaries and foreign subsidiaries. Any taxable income or loss generated by The Hagerty Group is passed through to and included in the taxable income or loss of all holders of Hagerty Group Units, which includes Hagerty, Inc. Hagerty, Inc. is taxed as a corporation and pays corporate federal, state and local taxes with respect to income allocated from The Hagerty Group. Hagerty, Inc., Hagerty Re, Broad Arrow and various foreign subsidiaries are treated as taxable entities and income taxes are provided where applicable. Refer to Note 22 — Taxation for additional information.

Where applicable, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax-credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statements of Operations in the period that includes the enactment date.

Deferred tax assets are recognized to the extent that there is sufficient positive evidence as allowed under the ASC Topic 740, *Income Taxes* ("ASC 740"), to support the recoverability of those deferred tax assets. The Company establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and results of recent operations. If it is determined that the deferred tax assets would be realizable in the future in excess of their net recorded amount, an adjustment would be made to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

As of December 31, 2022 and 2021, the Company did not have any unrecognized tax benefits and had no material accrued interest or penalties related to uncertain tax positions. If recorded, interest and penalties would be recorded as "Income tax benefit (expense)" within the Consolidated Statements of Operations.

Tax Receivable Agreement Liability — In connection with the Business Combination, Hagerty, Inc. entered into a TRA with HHC and Markel (together, the "Legacy Unit Holders"). The TRA provides for payment to the Legacy Unit Holders of 85% of the U.S. federal, state and local income tax savings realized by Hagerty, Inc. as a result of the increases in tax basis and certain other tax benefits as outlined in the Business Combination Agreement upon the exchange of Hagerty Group Units and Class V Common Stock of the Company for Class A Common Stock of the Company or cash. The Hagerty Group will have in effect an election under Section 754 of the IRC effective for each taxable year in which an exchange of Hagerty Group Units occurs. The remaining 15% cash tax savings resulting from the basis adjustments will be retained by Hagerty, Inc.

In general, cash tax savings result in a year when the tax liability of Hagerty, Inc. for the year, computed without regard to the deductions attributable to the amortization of the basis increase and other deductions that arise in connection with the payment of the cash consideration under the TRA or the exchange of Hagerty Group Units and Class V Common Stock for Class A Common Stock, would be more than the tax liability for the year taking into account such deductions. Payments under the TRA will not be due until the Company produces taxable income and the resulting cash tax liability is reduced by deducting the amortization of the basis increase on a filed tax return. The payments under the TRA are expected to be substantial. The estimated value of the TRA is recorded in "Other long-term liabilities" on the Consolidated Balance Sheets.

Hagerty, Inc. accounts for the effects of the basis increases as follows:

- Hagerty, Inc. records an increase in deferred tax assets for the income tax effects of the increases in tax basis based on enacted federal and state income tax rates at the date of the exchange.

- Hagerty, Inc. evaluates the ability to realize the full benefit represented by the deferred tax asset based on an analysis that will consider expectations of future earnings among other things. If Hagerty, Inc. determines that the full benefit is not likely to be realized, a valuation allowance is established to reduce the amount of the deferred tax assets to an amount that is more likely than not to be realized.
- Hagerty, Inc. recorded 85% of the estimated realizable tax benefit as an increase to the liability due under the TRA, which is recorded within "Other long-term liabilities", with a decrease to "Additional paid-in capital" on the Consolidated Balance Sheets. The remaining 15% of the estimated realizable tax benefit will be retained by Hagerty, Inc.

All of the effects of changes in any of the estimates after the date of the redemption or exchange will be recorded within "Interest and other income (expense)" in the Consolidated Statements of Operations.

Non-controlling Interest — Hagerty, Inc. is the sole managing member of The Hagerty Group and, as a result, consolidates the financial results of The Hagerty Group. Hagerty, Inc. reports a non-controlling interest representing the economic interest in The Hagerty Group held by other unit holders of The Hagerty Group. Additionally, non-controlling interest represents the portion of economic ownership of MHH that is not owned or controlled by The Hagerty Group. Hagerty, Inc. consolidates its ownership of The Hagerty Group and MHH under the voting interest method.

Redeemable Non-controlling Interest — In connection with the Business Combination, Hagerty, Inc. entered into an exchange agreement with the Legacy Unit Holders ("Legacy Unit Holders Exchange Agreement"). The Legacy Unit Holders Exchange Agreement permitted the Legacy Unit Holders to exchange Class V Common Stock and associated Hagerty Group Units for an equivalent amount of Class A Common Stock or, at the option of the Company, for cash. Because the Company had the option to redeem the non-controlling interest for cash and the Company is controlled by the Legacy Unit Holders through their voting control, the non-controlling interest was considered redeemable as the redemption was considered outside the Company's control. Redeemable non-controlling interest represented the economic interests of the Legacy Unit Holders. Income or loss was attributed to the redeemable non-controlling interest based on the weighted average ownership of the Hagerty Group Units outstanding during the period held by the Legacy Unit Holders. The redeemable non-controlling interest was measured at the greater of the initial fair value or the redemption value and was required to be presented as temporary equity on the Consolidated Balance Sheets as of December 31, 2021.

On March 23, 2022, the Legacy Unit Holders Exchange Agreement was amended to revise the option for the Company to settle the exchange of Class V Common Stock and associated Hagerty Group Units in cash. Under the terms of the amendment, a cash exchange is only allowable in the event that net cash proceeds are received from a new permanent equity offering. As a result of the amendment, the redeemable non-controlling interest was accreted to its redemption value as of March 23, 2022 and subsequently removed from temporary equity and recorded to equity as non-controlling interest.

Earnings Per Share — The Company calculates basic and dilutive earnings per share ("EPS") in accordance with ASC Topic 260, *Earnings Per Share* ("ASC 260"). Basic earnings per share is computed by dividing Net income (loss) attributable to controlling interest by the weighted-average number of shares of Class A Common Stock outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities were exercised, resulting in the issuance of shares of Class A Common Stock that would then share in the earnings of Hagerty, Inc. In periods in which the Company reports a net loss available to stockholders, diluted net loss per share available to stockholders would be equal to basic net loss per share available to stockholders, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Stock-Based Compensation — The Company issues restricted stock units and performance restricted stock units under the 2021 Equity Incentive Plan. The grant date fair value for restricted stock units is determined based on the closing price of the Company's common stock on the business day prior to grant. The Company uses a Monte Carlo simulation model to estimate the fair value of performance restricted stock units. Stock-based compensation expense is recognized over the applicable requisite service period of the award, generally using the straight-line method. Forfeitures are recorded as they occur. Refer to Note 21 — Stock-Based Compensation for additional information.

Self-Insurance — The Company has elected to self-insure certain costs related to U.S. employee health benefit and short-term disability programs. Costs resulting from self-insured losses are charged to expense when incurred. The Company has purchased insurance that limits its aggregate annual exposure for healthcare costs to approximately $11.4 million and $10.8 million for the years ended December 31, 2022 and 2021, respectively. Total expenses for healthcare claims incurred for the years ended December 31, 2022 and 2021 were approximately $13.2 million and $10.9 million, respectively. Healthcare claims are recorded within "Salaries and benefits" on the Consolidated Statements of Operations. As of December 31, 2022 and 2021, the Company has recorded approximately $1.2 million and $0.9 million as an estimate of IBNR claims, respectively. The amount of actual losses incurred could differ materially from the estimate reflected in these financial statements.

Postretirement Benefits — The Company offers postretirement benefits. In the U.S., the Company offers a 401(k) plan covering substantially all U.S. employees. The plan provides for 4.0% matching contributions. Contributions to the plan were $6.2 million and $4.9 million for the years ended December 31, 2022 and 2021, respectively.

Recently Adopted Accounting Guidance

Media Content — In March 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-02, *Improvements to Accounting for Costs of Films and License Agreements for Program Materials*, to align the accounting for production costs of an episodic television series with the accounting for production costs of films by removing the content distinction for capitalization.

As a result of adopting this ASU on January 1, 2021, the Company applied the guidance of ASC Topic 926, *Entertainment – Films* for the original content the Company self-produces and where the intellectual property is owned by the Company. For content the Company produces, the costs associated with production, including development costs, direct costs and production overhead will be capitalized and amortized over the estimated useful life of the asset. The adoption of the ASU had a $3.3 million impact on the Company's Consolidated Financial Statements during the year ended December 31, 2021.

Leases — In February 2016, the FASB issued ASC 842, which supersedes the lease requirements in ASC Topic 840, Leases ("ASC 840"). The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of lease payments. ASC 842 and subsequent amendments are designed to increase transparency and comparability among organizations with leasing activities. In June 2020, the FASB issued ASU No. 2020-05, Effective Dates for Certain Entities, which deferred the effective date for nonpublic entities, including emerging growth companies, that had not yet adopted the original ASU. Utilizing the amended guidance, management adopted this standard effective January 1, 2022 under the modified retrospective approach. The Company, upon adopting ASC 842, measured the operating lease liability as the present value of the remaining rental payments as defined in ASC 840. The ROU asset equaled the lease liability, adjusted by any unamortized lease incentives, deferred rent accrual and initial direct costs. Adoption of this standard resulted in the Company recognizing initial ROU assets and lease liabilities of $72.8 million. The guidance requires sellers in a sale-leaseback transaction to recognize the entire gain from the sale of an underlying asset at the time of sale rather than over the leaseback term. The carrying value of the deferred gain on the single sale-leaseback transaction executed prior to January 1, 2022 is approximately $4.3 million and was recorded as an increase to retained earnings at adoption. The adoption of this standard did not have a material impact on the Consolidated Statements of Operations or Consolidated Statements of Cash Flows.

The Company elected the transition method permitted by ASU 2018-11, which does not adjust prior comparative periods to align with the new standard. The Company elected the package of practical expedients not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs and the lessee practical expedient to combine lease and non-lease components for all asset classes. In addition, the Company did not elect the hindsight practical expedient. The expense of operating leases under ASC 842 is generally recognized on a straight-line basis which is calculated as the total lease cost divided by the lease term and is recognized in the Consolidated Statements of Operations.

Reference Rate Reform — In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (ASC Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASC 848"), which provides optional relief to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (ASC Topic 848)*, which clarifies that certain optional expedients and exceptions in ASC 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Both ASUs were effective immediately upon issuance. As of September 2022, all of Hagerty's outstanding debt bears interest at variable interest rates, primarily based on the Term Secured Overnight Financing Rate ("SOFR"). The adoption of these ASUs did not have a material impact on the Company's Consolidated Financial Statements and related disclosures.

Recent Accounting Guidance Not Yet Adopted

Credit Losses — In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires a company to consider forward looking information to determine current estimated credit losses for all financial instruments that are not accounted for at fair value through net income (loss). ASU No. 2019-10 deferred the effective date of ASU No. 2016-13 to January 1, 2023. The Company does not expect the adoption of ASU No. 2016-13 to have a material impact on Consolidated Financial Statements and related disclosures.

2 — Revenue

Disaggregation of Revenue — The following table presents Hagerty's revenue by distribution channel offering, as well as a reconciliation to total revenue for the years ended December 31, 2022 and 2021:

	Agent	Direct	Total
	in thousands		
	Year Ended December 31, 2022		
Commission and fee revenue	$ 133,584	$ 113,864	$ 247,448
Contingent commission	32,899	26,891	59,790
Membership revenue	—	45,234	45,234
Marketplace and other revenue	—	32,055	32,055
Total revenue from customer contracts	$ 166,483	$ 218,044	$ 384,527
Earned premium recognized under ASC 944			403,061
Total revenue			$ 787,588

	Year Ended December 31, 2021		
Commission and fee revenue	$ 115,310	$ 98,926	$ 214,236
Contingent commission	29,552	27,783	57,335
Membership revenue	—	40,605	40,605
Marketplace and other revenue	—	11,079	11,079
Total revenue from customer contracts	$ 144,862	$ 178,393	$ 323,255
Earned premium recognized under ASC 944			295,824
Total revenue			$ 619,079

The following table presents Hagerty's revenue disaggregated by geographic area, as well as a reconciliation to total revenue for the years ended December 31, 2022 and 2021:

	U.S.	Canada	Europe	Total
	in thousands			
	Year Ended December 31, 2022			
Commission and fee revenue	$ 224,255	$ 19,142	$ 4,051	$ 247,448
Contingent commission	59,664	—	126	59,790
Membership revenue	41,893	3,341	—	45,234
Marketplace and other revenue	29,920	767	1,368	32,055
Total revenue from customer contracts	$ 355,732	$ 23,250	$ 5,545	$ 384,527
Earned premium recognized under ASC 944				403,061
Total revenue				$ 787,588

	Year Ended December 31, 2021			
Commission and fee revenue	$ 193,520	$ 16,782	$ 3,934	$ 214,236
Contingent commission	57,424	(383)	294	57,335
Membership revenue	37,688	2,917	—	40,605
Marketplace and other revenue	9,448	301	1,330	11,079
Total revenue from customer contracts	$ 298,080	$ 19,617	$ 5,558	$ 323,255
Earned premium recognized under ASC 944				295,824
Total revenue				$ 619,079

Earned Premium — The following table presents Hagerty Re's total premiums assumed and the change in unearned premiums for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
	in thousands	
Underwriting income:		
Premiums assumed	$ 474,293	$ 353,925
Reinsurance premiums ceded	(10,749)	(7,920)
Net premiums assumed	463,544	346,005
Change in unearned premiums	(60,263)	(50,491)
Change in deferred reinsurance premiums	(220)	310
Net premiums earned	$ 403,061	$ 295,824

Contract Assets and Liabilities — The following table is a summary of the Company's contract assets and liabilities for the periods specified below. Contract assets are classified as "Commission receivable", and liabilities are classified as "Contract liabilities" within current and non-current liabilities on the Consolidated Balance Sheets.

	2022	2021
	in thousands	
Contract assets	$ 60,151	$ 57,596
Contract liabilities	$ 44,426	$ 41,390

Contract assets consist of CUC receivables, which are earned throughout the year and received in the first quarter of the following year. As such, the Commission receivable balance is generally smallest in the first quarter, and grows throughout the year as additional CUC receivables are accrued. For the year ended December 31, 2022, the increase in contract assets was primarily due to $59.8 million of CUC that was recognized but not received, offset by $57.2 million of CUC that had been included in the year ended December 31, 2021 contract assets and subsequently received in the current year.

Contract liabilities consist of cash collected in advance of revenue recognition, which primarily includes HDC membership. In addition, the Company entered into an agreement with State Farm Mutual Automobile Insurance Company ("State Farm") in 2020 and received an advanced commission payment to offset costs of system development (refer to Note 17 — Related-Party Transactions for additional information). For the year ended December 31, 2022, the increase in contract liabilities was due to $60.2 million of advanced consideration received for which revenue was not recognized in the period, primarily related to HDC memberships, partially offset by $57.2 million of revenue recognized during the period that had been included in the year ended December 31, 2021 contract liabilities balance.

3 — Deferred Acquisition Costs

The following table presents a reconciliation of the changes in deferred acquisition costs for the periods specified below:

	2022	2021
	in thousands	
Deferred acquisition costs as of January 1,	$ 81,535	$ 58,572
Acquisition costs deferred	216,957	163,946
Amortization charged to income	(191,150)	(140,983)
Deferred acquisition costs as of December 31,	$ 107,342	$ 81,535

4 — Prepaid Expenses and Other Assets

Prepaid expenses and other assets, current and long-term, consist of:

	December 31,	
	2022	2021
	in thousands	
Prepaid sales, general and administrative expenses	$ 24,234	$ 18,004
Prepaid SaaS implementation costs	18,501	16,318
Fixed income investments	12,986	10,785
Contract costs	6,576	4,160
Media content	5,580	3,335
Other [1]	14,856	8,118
Prepaid expenses and other assets	$ 82,733	$ 60,720

[1] As of December 31, 2022, other assets primarily includes $4.0 million of other investments, $3.3 million of fair value of interest rate swap, $2.5 million of collector vehicle investments, $1.4 million of deferred financing costs related to our Credit Facility and $1.4 million related the Company's outstanding reinsurance recoverable.

5 — Notes Receivable

In January 2022, the Company entered into a joint venture with Broad Arrow, pursuant to which Hagerty acquired an approximately 40% equity ownership in Broad Arrow. Then in August 2022, the Company acquired the remaining 60% equity interest in Broad Arrow. Refer to Note 9 — Acquisitions and Investments for additional information.

Broad Arrow Capital ("BAC"), a subsidiary of Broad Arrow, makes term loans to high-net-worth individuals and businesses secured by collector cars. Term loans typically have an initial maturity of up to two years, often with an option to renew for one year increments, and carry a fixed or variable rate of interest. The carrying value of the loan portfolio approximates its fair value due to the typical short-term maturity and market rate of interest associated with most loans.

The Company aims to mitigate the risk associated with a potential devaluation in collateral by targeting a maximum loan-to-value ("LTV") ratio of 65% (i.e., the principal loan amount divided by the estimated collateral value). The LTV ratio is reassessed on a quarterly basis or more frequently if there is a material change in the circumstances related to the loan, the value of the collateral, the disposal plans for the collateral, or if an event of default occurs.

The Company believes the LTV ratio is the critical credit quality indicator for the secured loans made by BAC. In estimating the realizable value of a collector car pledged as collateral for a loan, the Company relies on management's expertise in the collector car market and considers an array of factors impacting the current and expected future value of the car including the year, make, model, mileage, history, and in the case of classic cars provenance, quality of restoration (if applicable), and originality of body, chassis and mechanical components, and comparable market transaction values. All loans are secured by the underlying collateral.

As of December 31, 2022, the Company's net notes receivable balance was $37.4 million, of which $25.5 million was classified within current assets and $11.9 million was classified within long-term assets on the Consolidated Balance Sheets. The classification of a loan as current or non-current takes into account the contractual maturity date of the loan, as well as the likelihood of renewing the loan on or before its contractual maturity date.

The table below provides the aggregate LTV ratio for the Company's loan portfolio as of December 31, 2022:

	December 31, 2022
	in thousands
Secured loans	$ 37,427
Estimate of collateral value	$ 75,802
Aggregate LTV ratio	49.4 %

The Company considers a loan to be past due when interest payments are not paid within 10 days of the monthly due date, or if principal payments are not paid by the contractual maturity date. There were no past due loans as of December 31, 2022.

A loan is considered to be impaired if management determines that it is probable that a portion of the principal and interest owed by the borrower will not be recovered after taking into account the estimated realizable value of the collateral securing the loan, as well as the ability of the borrower to repay any shortfall between the value of the collateral and the amount of the loan. The determination of whether a specific loan is impaired, and the amount of any required allowance, is based on the facts available to management and is reevaluated and adjusted as additional facts become known. If a loan is considered to be impaired, finance revenue is no longer recognized and steps are taken to restructure or take possession of the collateral. If necessary, bad debt expense is recorded for any principal or accrued interest that is deemed uncollectible. As of December 31, 2022, there were no impaired loans outstanding.

Allowance for Loan Losses

The Company and management do not believe there is a material risk of loan loss based on the aggregate LTV ratio of 49.4% and, to a lesser extent, its understanding of the creditworthiness of the borrowers. Therefore, as of December 31, 2022, there is no allowance for loan losses recorded.

6 — Property and Equipment

The following table summarizes the carrying value of the Company's property and equipment.

	December 31,	
	2022	2021
	in thousands	
Land and land improvements	$ 930	$ 930
Buildings	1,200	1,748
Leasehold improvements	9,299	10,309
Furniture and equipment	13,194	15,121
Computer equipment and software	21,698	20,405
Automobiles	791	738
Total property and equipment	$ 47,112	$ 49,251
Less: accumulated depreciation	(21,856)	(20,888)
Property and equipment, net	$ 25,256	$ 28,363

Property and equipment depreciation expense was $6.6 million and $6.4 million for the years ended December 31, 2022 and 2021, respectively.

7 — Leases

The following table summarizes the components of the Company's operating lease expense:

	Year Ended December 31, 2022
	in thousands
Operating lease expense [1]	$ 10,737
Short-term lease expense [1]	187
Variable lease expense [1] [3]	3,943
Sublease revenue [2]	(156)
Lease cost, net	$ 14,711

[1] Classified within "General and administrative services" on the Consolidated Statements of Operations.
[2] Classified within "Membership, marketplace and other revenue" on the Consolidated Statements of Operations.
[3] Amounts include payments for maintenance, taxes, insurance and payments affected by the CPI.

Supplemental balance sheet information related to operating leases is as follows:

	December 31, 2022
	in thousands
Operating lease ROU assets	$ 82,398
Other current liabilities	7,556
Operating lease liabilities	80,772
Total operating lease liabilities	$ 88,328

Other Supplemental Information	
ROU assets obtained in exchange for new operating lease liabilities *(in thousands)* [1]	$ 82,398
Gains (losses) on sales and leaseback transactions, net *(in thousands)*	$ 4,314
Weighted-average lease term	10.23
Weighted-average discount rate	5.5 %

[1] Includes the transition adjustment of $72.8 million for operating lease ROU assets recorded as of January 1, 2022, upon adoption ASC 842.

The following table summarizes information about the amount and timing of our future operating lease commitments as of December 31, 2022:

	in thousands
2023	$ 12,129
2024	12,206
2025	11,765
2026	11,176
2027	10,984
Thereafter	58,530
Total lease payments	116,790
Less: imputed interest	(28,462)
Total lease liabilities	$ 88,328

The following table summarizes future minimum rental payments due under our operating leases in accordance with Topic 840 as of December 31, 2021:

	in thousands
2022	$ 9,068
2023	8,783
2024	8,587
2025	8,451
2026	7,936
Thereafter	53,940
Total	$ 96,765

Total rent expense for the year ended December 31, 2021 was $7.4 million.

During the year ended December 31, 2022, the Company recognized an impairment charge of $4.7 million related to operating lease ROU assets, which was recorded within "Restructuring, impairment and related charges, net" in the Consolidated Statements of Operations. Refer to Note 14 — Restructuring, Impairment and Related Charges for additional information.

8 — Business Combination

On December 2, 2021, through The Hagerty Group, the Company completed the Business Combination pursuant to the Business Combination Agreement with Aldel and Merger Sub, with The Hagerty Group surviving as a subsidiary of the Company immediately following the Business Combination. In connection with the closing of the Business Combination, the registrant changed its name from Aldel Financial Inc. to Hagerty, Inc.

Pursuant to the terms of the Business Combination Agreement, (1) Merger Sub was merged with and into The Hagerty Group, whereupon the separate limited liability company existence of Merger Sub ceased to exist and The Hagerty Group became the surviving company and continues to exist under the Delaware Limited Liability Company Act and (2) the existing limited liability company agreement of The Hagerty Group was amended and restated to, among other things, make Aldel a member of The Hagerty Group.

As outlined within the Business Combination Agreement, certain accredited investors or qualified institutional buyers (the "PIPE Investors") entered into the Subscription Agreement, pursuant to which the PIPE Investors agreed to purchase 70,385,000 shares (the "PIPE Shares") of the Company's Class A Common Stock and 12,669,300 warrants to purchase shares of Class A Common Stock (the "PIPE Warrants" and, together with the PIPE Shares, the "PIPE Securities") for an aggregate purchase price of $703.9 million. The sale of the PIPE Securities was consummated concurrently with the Closing.

In connection with the consummation of the Business Combination:

- all of the existing limited liability company interests of The Hagerty Group held by HHC were converted into (1) $489.7 million in cash, (2) 176,033,906 Hagerty Group Units, and (3) 176,033,906 shares of Class V Common Stock;
- all of the existing limited liability company interests of The Hagerty Group held by Markel were converted into (1) 75,000,000 Hagerty Group Units, and (2) 75,000,000 shares of Class V Common Stock of the Company;
- 3,005,034 shares of Aldel's 11,500,000 Class A Common Stock subject to redemption were redeemed, resulting in 8,494,966 Class A Common Stock still outstanding;
- all of the 2,875,000 outstanding shares of Aldel's Class B Common Stock were converted into shares of Class A Common Stock on a one-for-one basis; and
- 572,500 outstanding shares of Aldel's Class A Common Stock became Hagerty Class A Common Stock.

Immediately after giving effect to the Business Combination, there were 82,327,466 shares of Hagerty Class A Common Stock outstanding, 251,033,906 shares of Hagerty Class V Common Stock outstanding and 20,005,550 warrants outstanding which can be converted on a one-for-one basis to Class A Common Stock. Refer to Note 20 — Warrant Liabilities for additional information on the Company's warrants.

Following the Closing, the Company is organized as a C corporation and owns an equity interest in The Hagerty Group in what is commonly known as an "Up-C" structure in which substantially all of the assets and liabilities of the Company are held by The Hagerty Group.

In connection with the Business Combination, the Company incurred direct and incremental costs of approximately $41.9 million, consisting of primarily investment banking, insurance and professional fees, of which $32.6 million were recorded as a reduction of "Additional paid-in capital" within the Consolidated Balance Sheets.

In connection with the Business Combination, Hagerty, Inc. entered into the TRA with the Legacy Unit Holders. The TRA provides for payment to the Legacy Unit Holders of 85% of the U.S. federal, state and local income tax savings realized by Hagerty, Inc. as a result of the increases in tax basis and certain other tax benefits related to the transactions contemplated under the Business Combination Agreement upon the exchange of Hagerty Group Units and Class V Common Stock for Class A Common Stock and Hagerty Group Units or cash. Refer to Note 22 — Taxation for additional information related to the TRA.

The following table is a summary of the cash inflows and outflows related to the Business Combination:

	Business Combination
	in thousands
Cash in trust, net of redemptions	$ 85,811
Cash, PIPE	703,850
Less: transaction costs and advisory fees	(41,859)
Less: cash consideration to HHC at Closing	(489,661)
Net cash received from Business Combination	$ 258,141

9 — Acquisitions and Investments

Broad Arrow Acquisition

In January 2022, Hagerty entered into a joint venture with Broad Arrow, pursuant to which Hagerty invested $15.3 million in cash in exchange for equity ownership of approximately 40% of Broad Arrow. The Company followed equity method accounting for its investment in Broad Arrow with the carrying amount included within "Equity method investments" on the Consolidated Balance Sheets as of June 30, 2022 and the Company's share of income (loss) within "Income (loss) from equity method investment, net of tax" on the Consolidated Statements of Operations.

In August 2022, the Company acquired the remaining 60% outstanding equity interest of Broad Arrow from the former Broad Arrow shareholders (the "Contributors"), in exchange for equity consideration ("Broad Arrow Acquisition"). The equity consideration consisted of Class A Common Stock and Hagerty Group Units. The number of Class A Common Stock shares and Hagerty Group Units issued was calculated using a 20 day Volume Weighted Average Stock Price of Hagerty, Inc. prior to the closing date on August 16, 2022, pursuant to the Contribution and Exchange Agreement. The fair value of the purchase consideration of $73.3 million was calculated based on the Hagerty, Inc. stock price of $13.47 as of the closing date in accordance with ASC 820. As a result of the Broad Arrow Acquisition, the Company and Broad Arrow expect to further leverage their respective product offerings and continue to build Marketplace.

Fair Value of Consideration Transferred

The Broad Arrow Acquisition is being accounted for as a business combination achieved in stages (i.e., a step acquisition), in accordance with ASC 805-10-25. The following table summarizes the fair value of Broad Arrow as of the date of the Broad Arrow Acquisition (in thousands):

Total equity consideration	$ 73,253
Fair value of previously held equity interest in Broad Arrow [(1)]	48,309
Total consideration and value to be allocated to net assets	$ 121,562

[(1)] The Broad Arrow Acquisition is considered a step acquisition, and accordingly, the Company remeasured its pre-existing 40% equity interest in Broad Arrow immediately prior to completion of the acquisition to its estimated fair value of approximately $48.3 million, which was derived from the Hagerty, Inc. stock price of $13.47 as of the close date and thus represents a Level 1 fair value measurement. As a result of the remeasurement, the Company recorded a net gain of approximately $34.7 million within the Consolidated Statements of Operations for the year ended December 31, 2022, representing the excess of the approximate $48.3 million estimated fair value of its pre-existing 40% equity interest over its transaction date carrying value of approximately $13.6 million.

Allocation of Consideration Transferred

The following table summarizes the preliminary purchase consideration and the purchase price allocation to fair values of the identifiable assets acquired and liabilities assumed as of the date of the Broad Arrow Acquisition:

Notes receivable [1]	$	21,594
Intangible assets, net [2]		3,100
Other assets [3]		11,756
Other liabilities [4]		(13,449)
Total identifiable net assets acquired		23,001
Goodwill		98,561
Total consideration and value to be allocated to net assets	$	121,562

[1] Broad Arrow makes term loans, particularly to high net worth clients and businesses, that are secured by collector vehicles. The carrying value of the acquired loans approximate their fair value due to the typical short-term maturity and market rate of interest associated with most loans. Refer to Note 5 — Notes Receivable for additional information with respect to the Notes receivable acquired.

[2] The fair value of identifiable intangible assets is a Level 3 fair value measurement, estimated using significant assumptions that are not observable in the market through the use of a discounted cash flow model with inputs including discount rate and terminal growth rate as well as return on assets. Identifiable intangible assets consists of trade names of $3.1 million with a 5-year estimated useful life.

[3] Other assets includes $6.2 million of Prepaid expenses and other non-current assets, $2.8 million of cash acquired and $2.6 million of Accounts receivable.

[4] Other liabilities includes a $7.0 million Note payable, $5.3 million of Contract liabilities and $0.7 million of Accounts payable.

The excess of the purchase price over the aggregate estimated fair values of identifiable assets acquired and liabilities assumed was recorded as goodwill. The goodwill recognized is primarily a result of the expected enhancement of Marketplace through Broad Arrow's various service offerings, including buying, selling and financing of collector cars through classified listings, auctions and facilitating private sales, as well as the assembled workforce and various other factors. The Company recognized $0.9 million of acquisition related expenses associated with the Broad Arrow Acquisition in its Consolidated Statements of Operations for the year ended December 31, 2022.

The acquisition of Broad Arrow was not material to the Company's Consolidated Statements of Operations. Therefore, pro forma results of operations related to this acquisition have not been presented. As Broad Arrow is now a wholly-owned subsidiary of the Company, the Company now consolidates the results of Broad Arrow in accordance with ASC 810, and the financial results of Broad Arrow have been included within the Company's Consolidated Financial Statements since the acquisition date. The Company's Consolidated Statements of Operations include total revenue and income before taxes of approximately $10.8 million and $0.9 million, respectively, attributable to Broad Arrow since the acquisition date.

Speed Digital Acquisition

In April 2022, Hagerty acquired Speed Digital LLC ("Speed Digital") for a purchase price of $15.0 million. The Company paid $7.5 million at closing with an additional two annual installments of $3.75 million each to be paid in 2023 and 2024. Speed Digital was previously wholly owned indirectly by Robert Kauffman, a director on the Company's Board, who will receive 100% of the proceeds of the purchase price. Speed Digital operates a SaaS business primarily serving collector car dealers and auction houses, and an advertising and content syndication platform, which includes Motorious.com. The Company acquired Speed Digital to enhance the Marketplace business to establish relationships with their dealer partners and facilitate growth in Marketplace products; augment the Company's automotive intelligence data; and allow Motorious.com to drive audience engagement, content distribution, and advertising revenue.

Other Acquisitions

Lastly, during the years ended December 31, 2022 and 2021, the Company completed various acquisitions, which had an aggregate purchase price of $7.0 million and $15.4 million, respectively. These acquisitions resulted in cash disbursements of $6.1 million during the year ended December 31, 2022, net of cash acquired.

10 — Goodwill and Intangible Assets

Goodwill

The following is a reconciliation of the changes in the Company's goodwill for the periods specified below:

	2022	2021
	in thousands	
Goodwill as of January 1,	$ 11,488	$ 4,745
Goodwill resulting from acquisition [1]	103,553	6,743
Goodwill as of December 31,	$ 115,041	$ 11,488

[1] Goodwill resulting from acquisitions for the year ended December 31, 2022 includes $98.6 million related to the Broad Arrow Acquisition. Refer to Note 9 — Acquisitions and Investments for additional information.

Intangible Assets

The cost and accumulated amortization of intangible assets as of December 31, 2022 and 2021 are as follows:

	Weighted Average Useful Life	December 31, 2022	December 31, 2021
		in thousands	
Insurance policy renewal rights	9.9	$ 17,282	$ 17,557
Internally developed software	3.1	109,764	76,865
Trade names and trademarks	14.0	12,541	5,004
Relationships and customer lists	15.4	13,890	5,652
Other	4.4	1,434	1,464
Intangible assets		154,911	106,542
Less: accumulated amortization		(50,887)	(30,371)
Intangible assets, net		$ 104,024	$ 76,171

Intangible asset amortization expense was $21.8 million and $12.8 million for the years ended December 31, 2022 and 2021 respectively.

The estimated future aggregate amortization expense as of December 31, 2022 is as follows (in thousands):

2023	$ 29,663
2024	26,714
2025	17,746
2026	8,671
2027	3,742
Thereafter	17,488
Total	$ 104,024

11 — Provision for Unpaid Losses and Loss Adjustment Expenses

The following table presents the provision for unpaid losses and loss adjustment expenses at December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
	in thousands	
Outstanding losses reported	$ 65,981	$ 38,207
IBNR	44,917	36,662
Net reserves for unpaid losses and loss adjustment expenses	$ 110,898	$ 74,869
Reinsurance recoverables	843	—
Gross reserves for unpaid losses and loss adjustment expenses	$ 111,741	$ 74,869

The following table presents a reconciliation of beginning and ending provision for unpaid losses and loss adjustment expenses, net of amounts recoverable from reinsurers:

	Year Ended December 31,	
	2022	2021
	in thousands	
Gross unpaid losses and loss adjustment expenses, beginning of year	$ 74,869	$ 54,988
Less: Reinsurance recoverable	—	—
Net unpaid losses and loss adjustment expenses, beginning of the year	$ 74,869	$ 54,988
Incurred losses and loss adjustment expenses:		
Current accident year	$ 186,478	$ 132,481
Prior accident year [(1)]	(4,076)	(10,401)
Total incurred losses and loss adjustment expenses	$ 182,402	$ 122,080
Payments:		
Current accident year	$ 109,555	$ 76,559
Prior accident year	36,803	25,656
Total payments	$ 146,358	$ 102,215
Effect of foreign currency rate changes	(15)	16
Net reserves for losses and loss adjustment expenses, end of year	$ 110,898	$ 74,869
Reinsurance recoverables	843	—
Gross reserves for losses and loss adjustment expenses, end of year	$ 111,741	$ 74,869

(1) In both years presented, prior accident year development reflects lower than originally estimated incurred claims related to frequency and severity in accident years 2017 to 2021.

In updating Hagerty Re's loss reserve estimates, inputs are considered and evaluated from many sources, including actual claims data, the performance of prior reserve estimates, observed industry trends, and internal review processes, including the views of the Company's actuary. These inputs are used to improve evaluation techniques and to analyze and assess the change in estimated ultimate losses for each accident year by line of business. These analyses produce a range of indications from various methods, from which an actuarial point estimate is selected.

Hurricane Ian was a significant catastrophic event that occurred during the third quarter of 2022 generating losses to Hagerty Re of $15.3 million. Our catastrophe reinsurance program provided recovery of $5.3 million in losses in excess of our $10.0 million retention. As of December 31, 2022, the Company had outstanding reinsurance recoverables of $1.4 million, all related to Hurricane Ian. The Company incurred a reinstatement premium of $0.7 million in connection with our catastrophe reinsurance treaty following the Hurricane Ian claim.

Additionally, the Company strengthened reserves for U.S. auto liability by $6.5 million for the 2022 accident year. Liability claims severity in this line has been increasing across the industry and the Company in 2022.

In determining management's best estimate of the reserves for losses and loss adjustment expenses as of December 31, 2022 and 2021, consideration was given both to the actuarial point estimate and a number of other internal and external factors, including:

- the uncertainty around inflationary costs, both economic and social inflation;
- estimates of expected losses through the use of historical loss data;
- the changing mix of business due to large growth in modern collectible cars which carry a different risk profile than the risks associated with classic cars;
- legislative and judicial changes in the jurisdictions in which the company writes insurance, and
- management's industry experience.

The following factors are relevant to the additional information included in the tables following:

- **Table organization**: The tables are organized by accident year and include policies written on an occurrence basis.
- **Groupings**: Reserves for losses and loss adjustment expenses are grouped by line of business. The Company believes that losses included in each line of business have homogenous risk characteristics with similar development patterns and would generally be subject to similar trends.
- **Claim counts**: The Company considers a reported claim to be one claim for each claimant for each loss occurrence.
- **Limitations:** There are limitations that should be considered on the reported claim count data in the tables below, including: claim counts are presented only on a reported (not an ultimate) basis.

The following table presents a summary of total gross reserves for losses and loss adjustment expenses by line of business for the periods specified below:

	December 31,	
	2022	2021
	in thousands	
Auto	$ 111,575	$ 74,573
Marine	166	296
Total gross reserves for losses and loss adjustment expenses	$ 111,741	$ 74,869

The following tables present incurred losses and loss adjustment expenses, by accident year, undiscounted and net of reinsurance recoveries.

a) Auto

(dollars in thousands)	Reporting Years Ended December 31,						Reserves for Losses and Loss Adjustment Expenses Incurred But Not Reported	Cumulative Number of Reported Claims
Accident Year	2017*	2018*	2019*	2020*	2021*	2022	As of December 31, 2022	
2017	$ 18,594	$ 18,594	$ 18,594	$ 18,594	$ 18,409	$ 18,284	$ 44	11,031
2018		40,422	40,287	40,287	37,516	37,491	3	20,641
2019			63,642	63,642	59,660	59,660	631	23,780
2020				90,110	86,608	85,111	2,833	27,092
2021					131,643	129,259	9,215	35,116
2022						186,073	32,056	36,604
Total						$ 515,878	$ 44,782	154,264
Cumulative paid losses and loss adjustment expenses from the table below						(405,131)	—	
Reserves for losses and loss adjustment expenses before 2017, net of reinsurance						—	—	
Effect of foreign currency rate changes						(15)	(15)	
Reserves for losses and loss adjustment expenses, undiscounted and net of reinsurance						$ 110,732	$ 44,767	

Cumulative paid losses and loss adjustment expenses by accident year (in thousands):

	As of December 31,					
Accident Year	2017*	2018*	2019*	2020*	2021*	2022
2017	$ 11,410	$ 16,655	$ 17,442	$ 17,530	$ 17,897	$ 18,122
2018		23,915	34,992	35,899	36,414	36,807
2019			37,910	51,491	55,617	57,393
2020				53,167	73,402	78,079
2021					75,933	105,475
2022						109,255
Total						$ 405,131

*Unaudited required supplemental information.

b) Marine:

(dollars in thousands)	Reporting Years Ended December 31,						Reserves for Losses and Loss Adjustment Expenses Incurred But Not Reported	Cumulative Number of Reported Claims
Accident Year	2017*	2018*	2019*	2020*	2021*	2022	As of December 31, 2022	
2017	$ 198	$ 198	$ 198	$ 198	$ 183	$ 183	$ —	124
2018		437	437	437	489	514	—	189
2019			893	893	835	835	—	192
2020				915	975	1,002	16	205
2021					854	757	44	210
2022						405	90	114
Total						$ 3,696	$ 150	1,034
Cumulative paid losses and loss adjustment expenses from the table below						(3,530)	—	
Reserves for losses and loss adjustment expenses before the 2017 accident year						—	—	
Reserves for losses and loss adjustment expenses, undiscounted and net of reinsurance						$ 166	$ 150	

Cumulative paid losses and loss adjustment expenses by accident year (in thousands):

Accident Year	2017*	2018*	2019*	2020*	2021*	2022
2017	$ 138	$ 183	$ 183	182	$ 182	$ 183
2018		332	426	425	431	514
2019			514	828	835	835
2020				568	967	985
2021					625	713
2022						300
Total						$ 3,530

*Unaudited required supplemental information.

The following table presents supplementary information about average historical claims duration as of December 31, 2022 based on the cumulative incurred and paid losses and allocated loss adjustment expenses presented above.

	Average Annual Percentage of Payout of Incurred Claims by Age (in Years), Net of Reinsurance					
unaudited	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Auto	62.4 %	21.0 %	8.8 %	3.6 %	1.6 %	1.4 %
Marine	77.9 %	21.4 %	0.9 %	(0.3)%	— %	— %

12 — Reinsurance

Hagerty Re purchases catastrophe reinsurance to protect held capital from large catastrophic events and to provide earnings protection and stability. As of December 31, 2022, Hagerty Re's program provides $100.0 million of excess of loss coverage per event retention of $10.0 million. The top layer ($10.0 million excess of $90.0 million) can also be used to provide $10.0 million of aggregate catastrophe protection attaching after $12.5 million of annual catastrophe loss. The Company retains 25% of the liability of this top and aggregate cover. It is the Company’s intention to renew the program annually after adjusting for portfolio growth.

Hagerty Re renegotiated its catastrophe reinsurance coverage effective January 1, 2023. The 2023 program splits catastrophe exposure between accounts with total insured values ("TIV") up to $5.0 million, which are afforded $105.0 million of coverage excess of a per event retention of $25.0 million in two layers; $25.0 million excess of $25.0 million and $55.0 million excess of $50.0 million. Accounts with TIV of $5.0 million and above will be covered by a separate catastrophe program which provides $30.0 million excess of per event retention of $9.0 million in one layer; $21.0 million excess of $9.0 million.

Reinsurance contracts do not relieve Hagerty Re from its primary liability to the ceding carriers according to the terms of its reinsurance treaties. Failure of reinsurers to honor their obligations could result in additional losses to Hagerty Re. Hagerty Re evaluates the financial condition of its reinsurers and monitors concentration of credit risk arising from its exposure to individual reinsurers. All of Hagerty Re's reinsurers have an A.M. Best rating of A- (excellent) or better, or fully collateralize their maximum obligation under the treaty.

13 — Statutory Capital and Surplus

Dividend Restrictions — Under Bermuda law, Hagerty Re is prohibited from declaring or making payment of a dividend if it fails to meet its minimum solvency margin or minimum liquidity ratio. Prior approval from the Bermuda Monetary Authority ("BMA") is also required if Hagerty Re's proposed dividend payments would exceed 25% of its prior year-end total statutory capital and surplus. The amount of dividends which could be paid in 2023 without prior approval is $32.9 million.

Capital Restrictions — In Bermuda, Hagerty Re is subject to the Bermuda Solvency Capital Requirement ("BSCR") administered by the BMA. No regulatory action is taken if an insurer’s capital and surplus is equal to or in excess of its enhanced capital requirement determined by the BSCR model. In addition, the BMA has established a target capital level for each insurer, which is 120% of the enhanced capital requirement. Hagerty Re maintained sufficient statutory capital and surplus to comply with regulatory requirements as of December 31, 2022.

Statutory Financial Information — Hagerty Re prepares its statutory financial statements in conformity with the accounting principles set forth in Bermuda in The Insurance Act 1978, amendments thereto and related regulations. As of December 31, 2022 and 2021, the general business statutory capital and surplus of the Company was $131.7 million and $107.3 million, respectively, and the general business statutory net income of Hagerty Re was $24.4 million and $25.2 million for the years ended December 31, 2022 and 2021, respectively.

14 — Restructuring, Impairment and Related Charges

In 2022, management approved an initiative to increase operational efficiencies and flexibility by transitioning to a "remote first" work model for employees. This initiative primarily included the rationalization of the Company's office space throughout the U.S., Canada and the U.K. and, as a result, during the year ended December 31, 2022, the Company recognized an impairment charge of $4.7 million related to operating lease ROU assets, as well as a loss on disposal of assets of $1.5 million related to leasehold improvements associated with the impaired leases, all of which was recorded within "Restructuring, impairment and related charges, net" in the Consolidated Statements of Operations. This initiative was substantially complete in 2022.

Additionally, in the fourth quarter of 2022, the Board approved a voluntary retirement program ("VRP") as well as a reduction in force ("RIF"). The Company recorded restructuring charges related to the VRP and RIF of $12.2 million during the year ended December 31, 2022, of which $4.2 million was related to the VRP and $8.0 million was related to the RIF and all of which was recorded within "Restructuring, impairment and related charges, net" in the Consolidated Statements of Operations.

The following is a reconciliation of the restructuring liability which is included within "Accrued expenses and other current liabilities" on the Consolidated Balance Sheets. These costs are expected to be settled in the first quarter of 2023.

	in thousands
Balance at December 31, 2021	$ —
Costs incurred and charged to expense	18,324
Costs paid or otherwise settled	(8,854)
Balance at December 31, 2022	$ 9,470

15 — Fair Value Measurements

Hagerty measures and discloses fair values in accordance with the provisions of ASC 820. The Company's significant fair value measurements primarily relate to interest rate swaps, warrant liabilities, and fixed income investments. The Company uses valuation techniques based on inputs such as observable data, independent market data and/or unobservable data. Additionally, Hagerty makes assumptions in valuing its assets and liabilities, including assumptions about risk and the risks inherent in the inputs to the valuation techniques.

The Company classifies fair value measurements within one of three levels in the fair value hierarchy. The level assigned to a fair value measurement is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input requires judgment. The three levels of the fair value hierarchy are as follows:

- **Level 1 —** Quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- **Level 2 —** Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for substantially the full term of the asset or liability.
- **Level 3 —** Unobservable inputs that management believes are predicated on the assumptions market participants would use to measure the asset or liability at fair value.

The Company's policy is to recognize significant transfers between levels at the end of the reporting period.

Recurring fair value measurements

Interest rate swaps

Interest rate swaps are determined to be Level 2 within the fair value hierarchy. The significant inputs, such as the SOFR forward curve, of interest rate swaps are considered observable market inputs. The Company monitors the credit and nonperformance risk associated with its counterparty and believes them to be insignificant. Refer to Note 17 — Interest Rate Swaps for additional information.

Warrant liabilities

The Company's 5,750,000 Public Warrants are Level 1 within the fair value hierarchy as they are measured utilizing quoted market prices. The Company has determined that its private warrants are Level 3 within the fair value hierarchy. The Company's private warrants include 257,500 Private Placement Warrants, 28,750 Underwriter Warrants, 1,300,000 OTM Warrants and 12,147,300 PIPE Warrants. The Company utilizes a Monte Carlo simulation model to measure the fair value of the private warrants. The Company's Monte Carlo simulation model includes assumptions related to the expected stock-price volatility, expected term, dividend yield and risk-free interest rate. Refer to Note 20 — Warrant Liabilities for additional information.

The following table summarizes the significant inputs in the valuation model as of December 31, 2022:

Inputs	Private Placement Warrants	Underwriter Warrants	OTM Warrants	PIPE Warrants
Exercise price	$11.50	$11.50	$15.00	$11.50
Common stock price	$8.41	$8.41	$8.41	$8.41
Volatility	47.7%	47.7%	45.0%	47.7%
Expected term of the warrants	3.92	3.92	8.93	3.92
Risk-free rate	4.10%	4.10%	3.90%	4.10%
Dividend yield	$—	$—	$—	$—

The Company estimates the volatility of its common stock based on factors including, but not limited to, implied volatility of the Public Warrants, the historical performance of comparable companies, and management's understanding of the volatility associated with similar instruments of other entities.

The risk-free rate is based on the yield of the U.S. Treasury Constant Maturity for a term that approximates the expected remaining life, which is assumed to be the remaining contractual term, of the warrants.

The dividend rate is based on the Company’s historical rate, which the Company anticipates to remain at zero.

The fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis at December 31, 2022 and 2021, is shown in the table below:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
	in thousands			
	December 31, 2022			
Financial Assets				
Interest rate swaps	$ 3,294	$ —	$ 3,294	$ —
Total	$ 3,294	$ —	$ 3,294	$ —
Financial Liabilities				
Public warrants	$ 12,880	$ 12,880	$ —	$ —
Private placement warrants	673	—	—	673
Underwriter warrants	75	—	—	75
OTM warrants	4,706	—	—	4,706
PIPE warrants	27,227	—	—	27,227
Total	$ 45,561	$ 12,880	$ —	$ 32,681
	December 31, 2021			
Financial Assets				
Interest rate swaps	$ 531	$ —	$ 531	$ —
Total	$ 531	$ —	$ 531	$ —
Financial Liabilities				
Public warrants	$ 25,243	$ 25,243	$ —	$ —
Private placement warrants	1,248	—	—	1,248
Underwriter warrants	139	—	—	139
OTM warrants	6,849	—	—	6,849
PIPE warrants	55,887	—	—	55,887
Total	$ 89,366	$ 25,243	$ —	$ 64,123

The following table presents a reconciliation of the Company's warrant liabilities that are classified as Level 3 within the fair value hierarchy for the years ended December 31, 2022 and 2021:

	Private Placement Warrants	Underwriter Warrants	OTM Warrants	PIPE Warrants	Total
			in thousands		
Balance at December 31, 2020	$ —	$ —	$ —	$ —	$ —
Issuance of warrant liabilities	460	51	2,899	31,800	35,210
Change in fair value of warrant liabilities	788	88	3,950	24,087	28,913
Balance at December 31, 2021	1,248	139	6,849	55,887	64,123
Change in fair value of warrant liabilities	(575)	(64)	(2,143)	(26,754)	(29,536)
Exercise of warrants	—	—	—	(1,906)	(1,906)
Balance at December 31, 2022	$ 673	$ 75	$ 4,706	$ 27,227	$ 32,681

Fixed Income Investments

The Company has fixed income investments that consist of Canadian Sovereign, Provincial and Municipal fixed income securities held in a trust account to meet the requirements of a third-party insurer, Aviva, in connection with Hagerty Re's reinsurance agreement.

The Company classifies its fixed income investments in connection with its reinsurance agreement as held-to-maturity, as the Company has the intent and ability to hold these investments to maturity. The Company has determined that its fixed income investments are Level 2 within the fair value hierarchy, as these investments are valued using observable inputs such as quoted prices for similar assets at the measurement date.

The following table discloses the fair value and related carrying amount of fixed income investments held within Hagerty Re's as of December 31, 2022 and 2021:

	Carrying Amount	Estimated Fair Value
	in thousands	
	December 31, 2022	
Fixed income securities, short-term	$ 6,296	$ 6,205
Fixed income securities, long-term	6,690	6,316
Total	$ 12,986	$ 12,521

	December 31, 2021	
Fixed income securities, short-term	$ 1,189	$ 1,188
Fixed income securities, long-term	9,596	9,476
Total	$ 10,785	$ 10,664

The Company has reviewed the portfolio for other than temporary impairments and concluded that no impairment exists as of December 31, 2022 or 2021. The Company did not record any gains or losses on these securities during the years ended December 31, 2022 or 2021.

16 — Debt

As of the indicated dates, the principal amount of Hagerty's debt consisted of the following:

	December 31,	
	2022	2021
	in thousands	
Credit Facility	$ 105,000	$ 135,500
Notes payable	3,280	1,000
Total debt outstanding	$ 108,280	$ 136,500
Less: current portion	—	(1,000)
Total long-term debt outstanding	$ 108,280	$ 135,500

Credit Facility — In September 2022 and December 2022, The Hagerty Group entered into the Fourth and Fifth Amendment to Amended and Restated Credit Agreement ("Credit Agreement"), respectively, which amended the terms of its revolving credit facility ("Credit Facility") with JPMorgan Chase Bank, N.A., as administrative agent, and the other financial institutions party thereto from time to time as lenders. The amendments primarily included definition updates, accommodating draws in the British Pound ("GBP") and the Euro ("EUR"), transitioning the pricing terms from LIBOR to Term SOFR and changes to the financial covenants.

The aggregate amount of commitments available to the Company under the Credit Facility is $230.0 million. The Credit Agreement also provides for an uncommitted incremental facility under which the Company may request one or more increases in the amount of the commitments available under the Credit Facility in an aggregate amount not to exceed $50.0 million. Additionally, the Credit Agreement also provides for the issuance of letters of credit of up to $25.0 million and borrowings in GBP and EUR of up to $25.0 million in the aggregate.

The current term of the Credit Agreement expires in October 2026 and may be extended by one year on an annual basis if agreed to by the Company and the lenders party thereto. Any unpaid balance on the Credit Facility is due at maturity.

The Credit Facility accrues interest at the Term SOFR Rate plus an applicable margin determined by the Company's net leverage ratio for the preceding period (as defined in the Credit Agreement). The effective borrowing rate was 6.57% and 1.61% as of December 31, 2022 and 2021, respectively.

The Credit Facility borrowings are collateralized by Company assets, except for the assets of the Company’s U.K., Bermuda and German subsidiaries and the non-wholly owned subsidiaries of MHH.

Under the Credit Agreement, the Company is required, among other things, to meet certain financial covenants (as defined in the Credit Agreement), including a fixed charge coverage ratio and a leverage ratio. As of December 31, 2022, the Company was in compliance with the financial covenants under the Credit Agreement.

Notes Payable

In October and November 2022, the Company entered into notes payable agreements in the U.K., which are used to fund notes receivable within our Marketplace financing operations and are secured by the underlying vehicles. As of December 31, 2022, the outstanding balance on the notes payable was $3.3 million. The notes payable accrue interest at fixed rates ranging from 7.0% to 8.5% and are due in 2024.

The Company had a $2.0 million note payable related to a business combination for the future purchase installment payments, with a fixed interest rate of 3.25%. The note was paid in two equal installments, $1.0 million of which was paid in 2021. The note payable matured March 1, 2022 at which time the second installment of $1.0 million was due.

Letters of Credit — The Company authorized four letters of credit for a total of $11.6 million for operational purposes related to Section 953(d) tax structuring election and lease down payment support.

17 — Interest Rate Swaps

Hagerty's interest rate swap agreements are used to fix the interest rate on a portion of the Company's existing variable rate debt to reduce the exposure to interest rate fluctuations. The notional amounts of the interest rate swap agreements are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The differential paid or received on the interest rate swap agreements is recognized as an adjustment to interest expense within "Interest and other income (expense)" in the Consolidated Statements of Operations.

As of December 31, 2022 the Company had one outstanding interest rate swap, which was entered into in December 2020, with an original notional amount of $35.0 million. In September 2022, the interest rate swap was amended to replace LIBOR with Term SOFR and the fixed swap rate is now 0.81%. The estimated fair value of interest rate swap is included within either "Prepaid expenses and other non-current assets" or "Other long-term liabilities" on the Consolidated Balance Sheets and the change in fair value is recorded within "Derivative instruments" in the Consolidated Statements of Comprehensive Income (Loss).

As of December 31, 2021, the Company had an additional interest rate swap outstanding, which was entered into in March 2017, with an original notional amount of $15.0 million at a fixed swap rate of 2.20%. The interest rate swap matured in March 2022.

In accordance with ASC 815, the Company designated the December 2020 interest rate swap as a cash flow hedge and formally documented the relationship between the interest rate swap and the variable rate borrowings, as well as its risk management objective and strategy for undertaking the hedge transaction. The Company also assessed, at the hedge's inception and will continue to assess on an ongoing basis, whether the derivative used in the hedging transaction was highly effective in offsetting changes in the cash flows of the hedged item. The hedge is deemed effective, and therefore, the change in fair value is recorded within "Derivative instruments" in the Consolidated Statements of Comprehensive Income (Loss). Such amounts are reclassified into interest expense, net from Other comprehensive income (loss) during the period in which the hedged item affects earnings. There were no such reclassifications during the years ended December 31, 2022 and 2021. The Company does not expect to have a reclassification into earnings within the next 12 months.

18 — Members' and Stockholders' Equity

Hagerty, Inc.

Class A Common Stock — Hagerty is authorized to issue 500,000,000 shares of Class A Common Stock with a par value of $0.0001 per share. Holders of Class A Common Stock are entitled to one vote for each share. As of December 31, 2022, there were 83,202,969 shares of Class A Common Stock issued and outstanding.

Class V Common Stock — Hagerty is authorized to issue 300,000,000 shares of Class V Common Stock with a par value of $0.0001 per share. Class V Common Stock represents voting, non-economic interests in Hagerty. Holders of Class V Common Stock are entitled to 10 votes for each share. As of December 31, 2022, there were 251,033,906 shares of Class V Common Stock issued and outstanding.

Preferred Stock — Hagerty is authorized to issue 20,000,000 shares of Preferred Stock with a par value of $0.0001 per share. Hagerty's Board has the authority to issue shares of Preferred Stock with such designations, voting and other rights and preferences as may be determined from time to time. As of December 31, 2022, there were no shares of Preferred Stock issued and outstanding.

The Hagerty Group

Members' Equity — Prior to the Business Combination, The Hagerty Group had one class of partnership interests consisting of 100,000 units outstanding with no par value. At the Closing, all units were converted to Hagerty Group Units as discussed in Note 8 — Business Combination.

Hagerty Group Units — Hagerty Group Units are a unit of economic interest in The Hagerty Group. The following table summarizes the ownership of Hagerty Group Units in The Hagerty Group as of December 31, 2022:

	Units Owned	Ownership Percentage
Hagerty Group Units held by Hagerty, Inc.	83,202,969	24.5 %
Hagerty Group Units held by other unit holders	255,758,466	75.5 %
Total	338,961,435	100.0 %

Non-controlling Interest — Hagerty, Inc. is the sole managing member of The Hagerty Group and, as a result, consolidates the financial results of The Hagerty Group. Hagerty, Inc. reports a non-controlling interest representing the economic interest in The Hagerty Group held by other unit holders of The Hagerty Group. As of December 31, 2022, Class V Common Stock and associated Hagerty Group Units held by the Legacy Unit Holders are exchangeable on a one-for-one basis for shares of Class A Common Stock. At the end of each reporting period, The Hagerty Group equity attributable to Hagerty, Inc. and other unit holders is reallocated to reflect their current ownership in The Hagerty Group.

Additionally, non-controlling interest represents the portion of economic ownership of MHH that is not owned or controlled by The Hagerty Group. Hagerty, Inc. consolidates its ownership of The Hagerty Group and MHH under the voting interest method.

Redeemable Non-controlling Interest — In connection with the Business Combination, Hagerty, Inc. entered into the Legacy Unit Holders Exchange Agreement. The Legacy Unit Holders Exchange Agreement permitted the Legacy Unit Holders to exchange Class V Common Stock and associated Hagerty Group Units for an equivalent amount of Class A Common Stock or, at the option of the Company, for cash. Because the Company had the option to redeem the non-controlling interest for cash and the Company is controlled by the Legacy Unit Holders through their voting control, the non-controlling interest was considered redeemable as the redemption was considered outside the Company's control. Redeemable non-controlling interest represented the economic interests of the Legacy Unit Holders. Income or loss was attributed to the redeemable non-controlling interest based on the weighted average ownership of the Hagerty Group Units outstanding during the period held by the Legacy Unit Holders.

The redeemable non-controlling interest was measured at the greater of the initial fair value or the redemption value and was required to be presented as temporary equity on the Consolidated Balance Sheets, with a corresponding adjustment to "Additional paid-in capital" and "Accumulated earnings (deficit)". The total redeemable non-controlling interest as of December 31, 2021 was $593.3 million. For the period from January 1, 2022 to March 23, 2022, additional accretion of $1.6 billion was recognized, with a corresponding adjustment of $162.1 million and $1.4 billion to "Additional paid-in capital" and "Accumulated earnings (deficit)", respectively.

On March 23, 2022, the Legacy Unit Holders Exchange Agreement was amended to revise the option for the Company to settle the exchange of Class V Common Stock and associated Hagerty Group Units in cash. Under the terms of the amendment, a cash exchange is only allowable in the event that net cash proceeds are received from a new permanent equity offering. The redeemable non-controlling interest balance of $2.1 billion as of March 23, 2022 was recorded in equity as non-controlling interest with corresponding adjustments of $1.4 billion, $528.6 million, and $215.6 million to "Accumulated earnings (deficit)", "Additional paid-in capital" and "Non-controlling interest", respectively.

19 — Earnings (Loss) Per Share

The following table sets forth the calculation of Basic EPS and Diluted EPS for the years ended December 31, 2022 and 2021. Basic EPS is computed using Net income (loss) attributable to controlling interest, divided by the weighted average number of shares of Class A Common Stock outstanding during the period. Diluted EPS is computed using Net income (loss) attributable to controlling interest divided by the weighted average number of shares of Class A Common Stock outstanding during the period, adjusted to give effect to potentially dilutive securities. The Company's potentially dilutive securities consist of (1) unexercised warrants and unissued stock-based restricted stock units, performance restricted stock units and employee stock purchase plan shares, all using the Treasury Stock Method and (2) non-controlling interest Hagerty Group Units using the "If-converted" Method. In the computation of Diluted EPS, Net income (loss) attributable to controlling interest is adjusted to remove the change in fair value associated with the Company's warrant liabilities that are potentially dilutive and net income (loss) associated with non-controlling interest in Hagerty Group Units.

	Year Ended December 31,	
	2022	2021
	in thousands (except per share amounts)	
Numerator:		
Net income (loss) attributable to controlling interest	$ 32,078	$ (46,358)
Adjustments:		
Change in fair value of potentially dilutive warrant liabilities	(27,392)	—
Net income (loss) attributable to non-controlling interest Hagerty Group Units	(28,642)	—
Adjusted net income (loss) attributable to Class A Common Stock shareholders	$ (23,956)	$ (46,358)
Denominator:		
Weighted average shares of Class A Common Stock outstanding — basic	82,728	82,327
Adjustments:		
Conversion of non-controlling interest Hagerty Group Units to shares of Class A Common Stock	252,806	—
Warrants	613	—
Stock-based compensation awards	—	—
Weighted average shares of Class A Common Stock outstanding — diluted	336,147	82,327
Earnings (loss) per share attributable to Class A Common Stock shareholders		
Basic	$ 0.39	$ (0.56)
Diluted	$ (0.07)	$ (0.56)

20 — Warrant Liabilities

In connection with the Business Combination, the Company registered 5,750,000 Public Warrants, 257,500 Private Placement Warrants, 28,750 Underwriter Warrants, 1,300,000 OTM Warrants and 12,669,300 PIPE Warrants. Upon the Closing, the following warrants were outstanding to purchase shares of the Company's Class A Common Stock that were issued by Aldel prior to the Business Combination:

Public Warrants — Each warrant is exercisable for one share of the Company's Class A Common Stock at a price of $11.50 per share, subject to adjustments, provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under the securities laws of the state of residence of the holder. The warrants may be exercised on a cash basis only for a whole number of shares of the Company's Class A Common Stock. The warrants expire in December 2026.

Private Placement Warrants — Each warrant is exercisable for one share of the Company's Class A Common Stock at a price of $11.50 per share, subject to adjustments, subject to additional vesting requirements as outlined within the warrant agreements covering those securities, provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under the securities laws of the state of residence of the holder. The warrants may be exercised only for a whole number of shares of the Company's Class A Common Stock. Additionally, the Private Placement Warrants are exercisable on a cashless basis so long as they are held by the Sponsor or any of its permitted transferees. The warrants expire in December 2026.

Underwriter Warrants — Each warrant is exercisable for one share of the Company's Class A Common Stock at a price of $11.50 per share, subject to adjustments, provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under the securities laws of the state of residence of the holder. The warrants may be exercised only for a whole number of shares of the Company's Class A Common Stock. The Underwriter Warrants are exercisable on a cashless basis so long as they are held by the Underwriter or any of its permitted transferees. The warrants expire in December 2026.

OTM Warrants — Each warrant is exercisable for one share of the Company's Class A Common Stock at a price of $15.00 per share, subject to adjustments and additional vesting requirements as outlined within the warrant agreements covering those securities, provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under the securities laws of the state of residence of the holder. OTM Warrants may be exercised on a cashless basis so long as they continue to be held by the initial purchasers or their permitted transferees. The warrants expire in December 2031.

PIPE Warrants — Each warrant is exercisable for one share of the Company's Class A Common Stock at a price of $11.50 per share, subject to adjustments, provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available and such shares are registered, qualified or exempt from registration under securities laws of the state of residence of the holder. The PIPE Warrants may be exercised on a cashless basis. The warrants expire in December 2026.

The Company accounts for these warrants as liabilities in accordance with ASC 815-40. The warrants are measured at fair value each reporting period and the change in fair value is recorded within "Change in fair value of warrant liabilities" in the Consolidated Statements of Operations. The Company recognized a $41.9 million gain and a $42.5 million loss as a result of a decrease and increase in the fair value of the warrant liability for the year ended December 31, 2022 and 2021, respectively.

For the year ended December 31, 2022, 522,000 PIPE warrants were exercised, on a cashless basis, for an equivalent of 124,748 shares of Class A Common Stock. The cashless exercise resulted in a decrease in "Warrant liabilities" and an increase in "Class A Common Stock" and "Additional paid-in capital" of $1.9 million on the Company's Consolidated Balance Sheets. There were no warrants exercised during the year ended December 31, 2021.

As of December 31, 2022, a warrant liability of $45.6 million was reflected as a long-term liability on the Company's Consolidated Balance Sheets and the total number of warrants outstanding was 19,483,550.

21 — Stock-Based Compensation

In December 2021, the Board approved the 2021 Equity Incentive Plan, which authorized an aggregate of 38,317,399 shares of Class A Common Stock for issuance to employees and non-employee directors. The 2021 Equity Incentive Plan allows for the issuance of incentive stock options, non-qualified stock options, restricted stock awards, stock appreciation rights, restricted stock units, and performance restricted stock units. The Board determines the period over which stock-based awards become exercisable and options generally vest over a two to five-year period. As of December 31, 2022, there were 31,378,154 shares available for future grants under the 2021 Equity Incentive Plan.

Stock-based compensation expense is recognized within "Salaries and benefits", "General and administrative services" and "Restructuring, impairment and related charges, net" in the Consolidated Statements of Operations. The Company accounts for forfeitures as they occur. The following table summarizes stock-based compensation expense recognized during the year ended December 31, 2022. As the first stock-based compensation grant occurred in the second quarter of 2022, there was no stock-based compensation expense during the year ended December 31, 2021.

	Year Ended December 31, 2022
	in thousands
Restricted stock units	$ 9,814
Performance restricted stock units	2,146
Employee stock purchase plan	169
Total stock-based compensation expense	$ 12,129

Restricted Stock Units

The Company grants serviced-based restricted stock units to employees and non-employee directors. Compensation expense for these service-based restricted stock units is based on the closing market price of the Company's Class A Common Stock on the business day prior to grant, and is recognized ratably over the service period. There were 3.3 million of restricted stock units granted during the year ended December 31, 2022, with a weighted average fair value of $10.76. Unrecognized compensation expense related to restricted stock units as of December 31, 2022 was $24.9 million, which the Company expects to recognize over a weighted average period of 3.47 years.

The following table provides a summary of the restricted stock unit activity during the year ended December 31, 2022:

	Restricted Stock Units	Weighted Average Fair Value
Unvested balance as of December 31, 2021	—	$ —
Granted	3,340,547	10.76
Vested	(37,071)	10.79
Forfeited	(108,438)	10.79
Unvested balance as of December 31, 2022	3,195,038	$ 10.76

Performance Restricted Stock Units

In April 2022, the Company granted performance restricted stock units of up to 3,707,136 shares to the Company's CEO. The award had a grant date fair value of approximately $19.2 million using a Monte Carlo simulation model. The performance restricted stock units are both a market and service-based award in accordance with ASC 718. Shares under this award will be earned based on achievement of stock price targets of the Company's Class A Common Stock. 25% of the shares can be earned when the stock price exceeds $20.00 per share for 60 consecutive days, 25% of the shares can be earned when the stock price exceeds $25.00 per share for 60 consecutive days and 50% of the shares can be earned when the stock price exceeds $30.00 per share for 60 consecutive days. These market-based conditions must be met in order for these stock awards to vest, and it is therefore possible that no shares could ultimately vest. Shares earned will vest over the earlier of three years after achievement of the stock price measure or the end of the seven-year performance period. The Company will recognize the entire $19.2 million of compensation expense for this award, regardless of whether such conditions are met, over the requisite service period.

The following table summarizes the assumptions and related information used to determine the grant-date fair value of performance restricted stock units awarded for the periods presented:

	Performance Restricted Stock Units
Weighted average grant-date fair value per share	$5.19
Expected stock volatility	35%
Expected term (in years)	7.0
Risk-free interest rate	2.5%
Dividend yield	—%

The following table provides information about performance restricted stock units outstanding during the year ended December 31, 2022:

	Performance Restricted Stock Units	Weighted Average Fair Value
Outstanding as of December 31, 2021	—	$ —
Granted	3,707,136	5.19
Outstanding as of December 31, 2022	3,707,136	$ 5.19

Employee Stock Purchase Plan

In December 2021, the Company adopted the 2021 Employee Stock Purchase Plan (the "ESPP Plan"). The Compensation Committee of the Board administers the ESPP Plan, including determination of the time and frequency of offering periods, as well as the terms and conditions of the offerings. The ESPP Plan allows substantially all employees to participate.

The offering periods last six months, beginning on April 3 and October 3 each year, and the initial offering period began on October 3, 2022. Eligible employees may contribute up to 50% of their base wages and the purchase price will be 90% of the lesser of the fair market value of the Company's Class A Common Stock on (1) the offering date, and (2) the applicable purchase date. As of December 31, 2022, the total number of Class A Common Stock authorized and reserved for issuance under the ESPP Plan was 11,495,220 shares and no shares had been purchased.

22 — Taxation

United States — The Hagerty Group is taxed as a pass-through ownership structure under provisions of the IRC and a similar section of state income tax law except for Hagerty Re, Broad Arrow and various foreign subsidiaries. Any taxable income or loss generated by The Hagerty Group is passed through to and included in the taxable income or loss of the Hagerty Group Unit Holders, including the Company. The Company is taxed as a corporation under the IRC and pays corporate, federal, state and local taxes with respect to income allocated from The Hagerty Group. The Company has a TRA with the Legacy Unit Holders that requires the Company to pay 85% of the tax savings that are realized as a result of increases in the tax basis in The Hagerty Group’s assets as a result of an exchange of Hagerty Group Units and Class V Common Stock for Class A Common Stock or cash.

Canada — Canadian entities are taxed as non-resident corporations and subject to income tax in Canada under provisions of the Canadian Revenue Agency.

United Kingdom — U.K. entities are taxed as corporations and subject to income tax in the U.K. under provisions of HM Revenue & Customs.

Bermuda — Hagerty Re has received an undertaking from the Bermuda government exempting it from all local income, withholding and capital gains taxes until March 31, 2035. At present time no such taxes are levied in Bermuda.

Hagerty Re made an irrevocable election under Section 953(d) of the U.S. IRC, as amended, to be taxed as a U.S. domestic corporation. As a result of this "domestic election", Hagerty Re is subject to U.S. taxation on its world-wide income as if it were a U.S. corporation. In accordance with an agreement between Hagerty Re and the Internal Revenue Service ("IRS"), Hagerty Re established an irrevocable letter of credit with the IRS in 2021.

Income (loss) before income tax expense includes the following components:

	Year Ended December 31,	
	2022	2021
	in thousands	
United States	$ 24,778	$ (44,434)
Foreign	(13,682)	(10,169)
Total	$ 11,096	$ (54,603)

Total income tax expense (benefit) attributable to income (loss) for the years ended December 31, 2022 and 2021 consists of the following components:

	Year Ended December 31,	
	2022	2021
	in thousands	
Current:		
Federal	$ 4,041	$ 3,753
State	3	—
Foreign	—	(40)
	$ 4,044	$ 3,713
Deferred:		
Federal	$ 2,999	$ 3,038
State	(26)	—
Foreign	—	—
	2,973	3,038
Total	$ 7,017	$ 6,751

Income tax expense (benefit) reflected in the financial statements differs from the tax computed by applying the statutory U.S. federal rate of 21% to "Net income (loss)" before taxes as follows:

	Year Ended December 31,			
	2022		2021	
	in thousands (except percentages)			
Income tax (benefit) expense at statutory rate	$ 2,330	21 %	$ (11,467)	21 %
State taxes	(479)	(4)%	(163)	0 %
Loss not subject to entity-level taxes	8,727	79 %	6,485	(12)%
Foreign rate differential	(375)	(3)%	(276)	1 %
Change in valuation allowance	5,647	51 %	2,759	(5)%
Change in fair value of warrant liability	(8,799)	(79)%	8,933	(16)%
Permanent items	852	8 %	477	(1)%
Other, net	(886)	(8)%	3	0 %
Income tax expense (benefit)	$ 7,017	65 %	$ 6,751	(12)%

Deferred tax assets and liabilities reflect temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount recognized for tax purposes, as adjusted for foreign currency translation. At December 31, 2022 and 2021, the tax effects of temporary differences that give rise to significant portions of the deferred tax provision are as follows:

	December 31,	
	2022	2021
	in thousands	
Deferred tax assets		
Discount on provision for losses and loss adjustment expenses	$ 802	$ 557
Unearned premiums	9,886	7,345
Accrued professional fees	—	5
Unrealized foreign currency gain	229	70
Excess tax basis	159,337	168,014
Net operating loss ("NOL") and other carryforwards	17,197	6,492
Other	457	315
Gross deferred tax asset	187,908	182,798
Less: valuation allowance	(176,116)	(174,821)
Total net deferred tax assets	$ 11,792	$ 7,977
Deferred tax liabilities		
Deferred acquisition costs	$ (22,542)	$ (17,122)
Excise tax accrual	(1,068)	(1,279)
Unrealized foreign currency gain	(229)	(70)
Unrealized investment gain	(37)	(16)
Intangible assets	(759)	—
Other	(7)	—
Total deferred tax liabilities	$ (24,642)	$ (18,487)
Net deferred tax liability	$ (12,850)	$ (10,510)

Deferred tax assets are reduced by a valuation allowance when management believes it is more likely than not that some, or all, of the deferred tax assets will not be realized. After considering all positive and negative evidence of taxable income in the carryback and carryforward periods as permitted by law, the Company believes it is more likely than not that certain deferred tax assets will not be utilized. As a result, the Company had provided a valuation allowance of $176.1 million and $174.8 million as of December 31, 2022 and 2021, respectively.

Significant inputs and assumptions were used to estimate the future expected payments under the TRA, including the timing of the realization of the tax benefits and a tax savings rate of approximately 25.6%. The estimated value of the TRA recorded by the Company at the Closing was $3.5 million which was limited by the ability to currently utilize tax benefits and was recorded in "Other long-term liabilities" with an offsetting entry to "Additional paid-in capital" within the Consolidated Balance Sheets. The estimated value of the TRA recorded by the Company at December 31, 2022 was $3.2 million, a decrease of $0.3 million in value from the Closing, which was recorded in "Interest and other income (expense)" within the Consolidated Statements of Operations. The Company recorded a deferred tax asset for the difference between outside tax basis and book basis of the Company’s investment in assets of The Hagerty Group of $167.4 million at the Closing with an offsetting valuation allowance as it was more likely than not that the deferred tax asset will not be realized. These amounts were recorded to "Additional paid-in capital". At December 31, 2022, the deferred tax asset and offsetting valuation allowance is $159.3 million, adjusted from the Closing for net losses and nondeductible expenses.

The Company has income tax NOL carryforwards related to U.S. and foreign operations of approximately $93.5 million and $47.0 million as of December 31, 2022 and 2021, respectively. The Company has recorded a deferred tax asset of $17.2 million reflecting the benefit of these loss carryforwards as of December 31, 2022. Of the deferred tax assets, $10.4 million does not expire, and the remaining $6.8 million expires as follows:

		in thousands
2036	$	396
2037		710
2038		848
2039		—
2040		1,153
2041		1,427
2042	$	2,238

The Company is subject to taxation and files income tax returns in the U.S. federal jurisdiction, as well as many state and foreign jurisdictions. As of December 31, 2022, tax years 2019, 2020 and 2021 are subject to examination by the tax authorities. With few exceptions, as of December 31, 2022, the Company is no longer subject to U.S. federal, state, local or foreign examinations for years before 2019.

The Canadian statute of limitation for tax year 2018 was open as of December 31, 2022 and remains open because the Company is currently under examination by the Canadian Revenue Agency for that year.

The calculation of our tax liabilities involves uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations. ASC 740 states that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

The Comapny records uncertain tax benefits ("UTB") as liabilities in accordance with ASC 740 and adjusts these liabilities when management's conclusion changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the UTB liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

As of December 31, 2022 and 2021, the Company did not have any unrecognized tax benefits and had no material accrued interest or penalties related to uncertain tax positions. If recorded, interest and penalties would be recorded within "Income tax benefit (expense)" in the Consolidated Statements of Operations.

In August 2022, the Inflation Reduction Act ("IRA") was enacted into law. Among the provisions in the IRA was a 15% corporate minimum tax effective for years beginning after December 31, 2022, and a 1% tax on share repurchases after December 31, 2022. The Company does not expect the tax provisions of the IRA to have a material impact on its results.

23 — Related-Party Transactions

As of December 31, 2022, Markel had a 23.0% ownership in The Hagerty Group and State Farm had a 14.8% ownership in The Hagerty Group. As such, both Markel and State Farm are considered related parties.

State Farm

State Farm and Hagerty entered into a master alliance agreement in 2020 to establish an alliance insurance program where State Farm’s customers, through State Farm agents, will have access to Hagerty features and services which is expected to begin in the second half of 2023. Under this agreement, State Farm paid Hagerty an advanced commission of $20.0 million in 2020, to be recognized into Commission and fee revenue over the life of the contract beginning with the ability to issue policies. The parties have entered into a managing general underwriter agreement where the State Farm Classic+ policy will be offered, through State Farm Classic Insurance Company, a new wholly owned subsidiary of State Farm, subject to any applicable state regulatory review and approval. The State Farm Classic+ policy will be available to new and existing customers through State Farm agents, on a state-by-state basis. Hagerty Insurance Agency, LLC will be paid commission under the managing general underwriter agreement and ancillary agreements for servicing the State Farm Classic+ policies. Additionally, we have the opportunity to offer HDC membership to State Farm Classic+ customers which provides Hagerty an additional revenue opportunity.

Markel

Alliance Agreement

The Company's affiliated U.S. and U.K. MGA subsidiaries have personal and commercial lines of business written with Markel-affiliated carriers. The following tables provide information about Markel-affiliated due to insurer liabilities and commission revenue under the agreement with Markel subsidiaries:

	December 31,	
	2022	2021
	in thousands (except percentages)	
Due to insurer	$ 64,873	$ 54,850
Percent of total	95 %	95 %

	Year Ended December 31,	
	2022	2021
Commission revenue	$ 285,254	$ 239,432
Percent of total	95 %	90 %

Reinsurance Agreement

Under a quota share agreement with Evanston, Hagerty Re reinsured 70% and 60% of the risks for the years ended December 31, 2022 and 2021, respectively, written through the Company's U.S. MGAs. Additionally, under a quota share agreement with Markel International Insurance Company Limited, Hagerty Re reinsured 70% and 60% of the risks for the years ended December 31, 2022 and 2021, respectively, written through the Company's U.K. MGA. All balances listed below are related to business with a Markel affiliate:

	December 31,	
	2022	2021
Assets:	*in thousands*	
Premiums receivable	$ 97,897	$ 72,697
Deferred acquisition costs, net	103,869	78,449
Total assets	$ 201,766	$ 151,146
Liabilities:		
Losses payable	$ 53,800	$ 33,459
Provision for unpaid losses and loss adjustment expenses	106,436	70,680
Unearned premiums	227,192	167,541
Commissions payable	75,898	59,511
Total liabilities	$ 463,326	$ 331,191

	Year Ended December 31,	
	2022	2021
Revenue:	*in thousands*	
Earned premium	$ 386,696	$ 281,794
Expenses:		
Ceding commission	$ 184,124	$ 134,946
Losses and loss adjustment expenses	182,340	116,396
Total expenses	$ 366,464	$ 251,342

Broad Arrow

In January 2022, the Company entered into a joint venture with Broad Arrow and acquired approximately 40% equity ownership interest in Broad Arrow. In August 2022, the Company acquired the remaining 60% equity interest of Broad Arrow in exchange for $73.3 million of Class A Common Stock and Hagerty Group Units exchangeable for Class A Common Stock. Prior to the Company's joint venture with Broad Arrow in January 2022, Broad Arrow was majority owned by Kenneth Ahn, the President of Marketplace, who received Hagerty Group Units as a part of this transaction. Refer to Note 9 — Acquisitions and Investments for additional information.

Speed Digital

In April 2022, Hagerty acquired Speed Digital for a purchase price of $15.0 million. Speed Digital was previously wholly owned indirectly by Robert Kauffman, a director on Hagerty's Board, who will receive 100% of the proceeds of the purchase price.

24 — Commitments and Contingencies

Litigation — From time to time, Hagerty is involved in various claims and legal actions that arise in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, Hagerty does not believe that the ultimate resolution of these actions will have a material adverse effect on the Company's financial position, results of operations, liquidity, or capital resources.

Employee Compensation Agreements — In the ordinary course of conducting its business, the Company enters into certain employee compensation agreements from time to time which commit the Company to severance obligations in the event an employee terminates employment with the Company. If applicable, these obligations are included in the accrued expenses lines of the Consolidated Balance Sheets.

25 — Subsequent Events

Management has evaluated subsequent events through March 14, 2023, which is the date these Consolidated Financial Statements were issued and no subsequent events were identified that required adjustment to or disclosure in the Consolidated Financial Statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2022 to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms specified by the SEC.

Changes in Internal Controls Over Financial Reporting

In August 2022, we completed our acquisition of Broad Arrow. Broad Arrow was not previously subject to the rules and regulations promulgated under Sarbanes-Oxley, and accordingly was not required to establish and maintain an internal control infrastructure meeting the standards promulgated under Sarbanes-Oxley. Our assessment of and conclusion on the effectiveness of our internal control over financial reporting as of December 31, 2022 did not include certain elements of the internal controls of Broad Arrow. This exclusion is in accordance with the SEC’s general guidance that an assessment of a recently acquired business may be omitted from our scope in the year of acquisition.

Excluding the acquisition of Broad Arrow, there were no changes to our internal control over financial reporting that occurred during the three months ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Controls over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Our 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 U.S. GAAP. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) 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.

Our Chief Executive Officer and our Chief Financial Officer, with assistance from other members of management, assessed the effectiveness of our internal control over financial reporting as of December 31, 2022, based on the framework and criteria established in Internal Control —Integrated Framework (2013 Framework), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2022.

As we are an "emerging growth company" under the JOBS Act of 2012, the Company's independent registered public accounting firm, Deloitte & Touche LLP, is not required to attest to the effectiveness of our internal control over financial reporting and no attestation report has been included in this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

On March 10, 2023, the Company and McKeel Hagerty, our Chief Executive Officer, entered into an amendment (the "Amendment") to Mr. Hagerty's employment agreement, dated January 1, 2018 (the "Original Agreement"). In 2023, the Company reduced the perquisites and allowances for executive officers. Mr. Hagerty's employment agreement was amended to stay consistent with this change and his perquisites and allowances were therefore reduced by $190,000 annually. In addition, pursuant to the Amendment, in 2023 only Mr. Hagerty voluntarily forewent approximately $1,000,000 of the $1,700,000 in equity compensation that was due to be awarded to him in 2023 under the terms of the Original Agreement. The foregoing descriptions do not purport to set forth the complete terms thereof and are qualified in their entirety by reference to the Amendment attached hereto as Exhibit 10.15, which is incorporated by reference herein.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTION THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 is incorporated by reference to our Proxy Statement to be filed with the SEC in connection with the solicitation of proxies for our 2023 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2022 ("2023 Proxy Statement").

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 will be included in our 2023 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNER AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 will be included in our 2023 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 will be included in our 2023 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 will be included in our 2023 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial statements and financial statement schedules filed as part of this report are listed in the index included in Item 8 of Part II Financial Statements and Supplementary Data of this report.

(b) **Exhibits.** The following exhibits, as required by Item 601 of Regulation S-K, are filed with or incorporated by reference in this report as stated below.

Exhibit No.	Description
2.1*	Business Combination Agreement, dated as of August 17, 2021, by and among Aldel Financial Inc. Aldel Merger Sub LLC and The Hagerty Group, LLC (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on August 18, 2021).
3.1+	Third Amended and Restated Certificate of Incorporation of the Company, dated December 2, 2021 (incorporated by reference to Exhibit 3.1 of the Company's Amendment No. 3 to Form S-1 on Form S-3 (File No. 333-261810), filed with the SEC on January 20, 2023).
3.2	Amended and Restated By-Laws of the Company, dated December 2, 2021 (incorporated by reference to Exhibit 3.2 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
4.1	Form of Class A Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
4.2	Form of Class V Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
4.3	Form of Warrant Certificate of the Company (incorporated by reference to Exhibit 4.3 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
4.4	Warrant Agreement, dated April 8, 2021, between Continental Stock Transfer & Trust Company and the Company (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K (File No. 333-253166), filed with the SEC on April 13, 2021).
4.5	Warrant Agreement, dated December 2, 2021, between Continental Stock Transfer & Trust Company and the Company (incorporated by reference to Exhibit 4.5 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
4.6	Description of Registrant's Securities, filed herewith.
10.1	Form of Subscription Agreement, dated as of August 17, 2021, by and between the Company and certain institutional and accredited investors party thereto (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on August 18, 2021).
10.2	Amended and Restated Registration Rights Agreement, dated as of August 17, 2021, among the Company, Aldel Investors LLC, FG SPAC Partners LP, ThinkEquity, a division of Fordham Financial Management, Inc., HHC, State Farm Mutual Automobile Insurance Company, Markel Corporation, and certain other parties (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on August 18, 2021).
10.3	Investor Rights Agreement, dated as of August 17, 2021, among Hagerty Holding Corp., State Farm Mutual Automobile Insurance Company, Markel Corporation and the Company (incorporated by reference to Exhibit 10.8 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on August 18, 2021).
10.4	Tax Receivable Agreement, dated as of December 2, 2021, by and between the Company, Hagerty Holding Corp. and Markel Corporation (incorporated by reference to Exhibit 10.4 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.5	Lock-Up Agreement, dated as of December 2, 2021, by and between the Company, Hagerty Holding Corp. and Markel Corporation (incorporated by reference to Exhibit 10.5 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.6	Fourth Amended and Restated Limited Liability Company Agreement of The Hagerty Group, LLC, dated as of December 2, 2021 (incorporated by reference to Exhibit 10.6 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.7	Sponsor Warrant Lock-Up Agreement, dated as of December 2, 2021, by and among the Company, Aldel Investors LLC and FG SPAC Partners, LP (incorporated by reference to Exhibit 10.7 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).

10.8	Amended and Restated Exchange Agreement, dated as of March 23, 2022, by and among the Company, The Hagerty Group, LLC, Markel Corporation, and Hagerty Holding Corp., filed herewith.
10.9#	Form of Indemnification Agreement by and between the Company and its directors and officers (incorporated by reference to Exhibit 10.9 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.10#	Hagerty, Inc. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.11#	Hagerty, Inc. 2021 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.11 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.12#	Employment Agreement, dated as of August 16, 2021, by and between The Hagerty Group, LLC and Paul E. Rehrig (incorporated by reference to Exhibit 10.12 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.13#	Amendment to Employment Agreement, dated January 1, 2023, by and between the Company and Paul E. Rehrig, filed herewith.
10.14#	Employment Agreement, dated as of January 1, 2018, by and between Hagerty Holding Corp. and McKeel O Hagerty (incorporated by reference to Exhibit 10.13 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.15#	Amendment to Employment Agreement, dated March 10, 2023, by and between the Company and McKeel O Hagerty, filed herewith.
10.16#	Employment Agreement, dated August 19, 2022, by and between the Company and Patrick McClymont (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on August 23, 2022).
10.17#	Amendment to Employment Agreement, dated January 1, 2023, by and between the Company and Patrick McClymont, filed herewith.
10.18#	Employment Agreement, dated December 1, 2021, by and between the Company and Kenneth Ahn, filed herewith.
10.19#	Amended and Restated Employment Agreement, dated January 1, 2023, by and between the Company and Kenneth Ahn, filed herewith.
10.20*	Employment Agreement, dated as of March 1, 2021, by and between The Hagerty Group, LLC and Kelly Smith (incorporated by reference to Exhibit 10.14 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.21#	Release and Settlement Agreement, dated November 8, 2022, by and between Kelly Smith and The Hagerty Group, LLC (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on November 10, 2022).
10.22#	Change of Control Severance Agreement, dated as of July 7, 2008, by and between The Hagerty Group, Inc. and Frederick J. Turcotte (incorporated by reference to Exhibit 10.15 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.23*	Fourth Amendment to Amended and Restated Credit Agreement, dated as of September 30, 2022, among The Hagerty Group, LLC, the Lenders party hereto, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on November 10, 2022).
10.24*	Fifth Amendment to Amended and Restated Credit Agreement, dated as of December 30, 2022, among The Hagerty Group, LLC, the Lenders party hereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, filed herewith.
10.25	Third Amended and Restated Master Alliance Agreement, dated as of June 20, 2019, as amended by the First Amendment, dated as of February 5, 2021, by and between The Hagerty Group, LLC and Markel Corporation (incorporated by reference to Exhibit 10.17 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on December 8, 2021).
10.26*	Common Stock Purchase Agreement, dated January 5, 2022, by and among Broad Arrow Group, Inc., The Hagerty Group, LLC, and additional purchasers (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K, filed with the SEC on January 10, 2022).
10.27	Contribution and Exchange Agreement, dated August 9, 2022, by and among Hagerty, Inc., The Hagerty Group, LLC, Broad Arrow Group, Inc., Broad Arrow Holdings LLC, each other Contributor party thereto, and the Contributor Representative party thereto (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-40244), filed with the SEC on August 9, 2022).

21.1	Subsidiaries of the Company, filed herewith.
23.1	Consent of Deloitte & Touche LLP, independent registered public accountant of the Company.
31.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a), filed herewith.
31.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a), filed herewith.
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, filed herewith.
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, filed herewith.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

* The schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

\# Indicates management contract or compensatory plan or arrangement.

\+ The name and introductory paragraph of our Amended and Restated Charter have been changed to correct minor scrivener's errors.

(c) **Financial Statement Schedules.** All schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

ITEM 16. FORM 10-K SUMMARY

None.

Signatures

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 14, 2023.

HAGERTY, INC.

By: /s/ McKeel O Hagerty
McKeel O Hagerty
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 14, 2023.

Name	Title	Date
/s/ McKeel O Hagerty McKeel O Hagerty	Chief Executive Officer (Principal Executive Officer) and Director	March 14, 2023
/s/ Patrick McClymont Patrick McClymont	Chief Financial Officer (Principal Financial Officer)	March 14, 2023
/s/ Kevin M. Delaney Kevin M. Delaney	Chief Accounting Officer and Controller (Principal Accounting Officer)	March 14, 2023
/s/ Michael E. Angelina Michael E. Angelina	Chairman of the Board	March 14, 2023
/s/ F. Michael Crowley F. Michael Crowley	Director	March 14, 2023
/s/ Laurie L. Harris Laurie L. Harris	Director	March 14, 2023
/s/ Robert I. Kauffman Robert I. Kauffman	Director	March 14, 2023
/s/ Sabrina Kay Sabrina Kay	Director	March 14, 2023
/s/ Mika Salmi Mika Salmi	Director	March 14, 2023
/s/ William H. Swanson William H. Swanson	Director	March 14, 2023
/s/ Randall Harbert Randall Harbert	Director	March 14, 2023

DESCRIPTION OF SECURITIES

The following description of the securities of Hagerty, Inc. ("we," "our," "us," "Hagerty," "HGTY," and the "Company") is a summary and does not purport to be complete. It is subject to, and qualified in its entirety by reference to, our Second Amended and Restated Certificate of Incorporation ("Amended and Restated Charter") and our Amended and Restated Bylaws ("Bylaws"). This description also summarizes relevant provisions of General Corporation Law of the State of Delaware (the "DGCL"). We encourage you to read these materials for additional information.

Authorized and Outstanding Stock

The Amended and Restated Charter provides that the total number of authorized shares of all classes of capital stock is 820,000,000 shares, consisting of the below described classes, including 500,000,000 shares of Class A Common Stock, par value $0.0001 per share, 300,000,000 shares of Class V Common Stock, par value $0.0001 per share and 20,000,000 shares of Preferred Stock, par value $0.0001 per share.

Common Stock

The holders of Class A Common Stock are entitled to 1 vote for each such share. The holders of Class V Common Stock are entitled to 10 votes for each such share until the earlier of (1) the date on which such share of Class V Common Stock is transferred other than pursuant to a Qualified Transfer (as defined in the Amended and Restated Charter) or (2) the date that is 15 years from the effective date of the Amended and Restated Charter. The holders of shares of Common Stock do not have cumulative voting rights.

The holders of shares of Class A Common Stock are entitled to receive such dividends and other distributions as declared by the Board of Directors (the "Board"), equally on a per share basis. The holders of Class V Common Stock are not entitled to receive dividends.

No holder of shares of Common Stock (in its capacity as such and without limiting any contractual rights) is entitled to preemptive rights.

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, after payment or provision for payment of the debts and other liabilities of the Company, and subject to the rights of the holders of shares of Preferred Stock in respect thereof, the holders of shares of Class A Common Stock will be entitled to receive all of the remaining assets of the Company available for distribution to its stockholders, ratably in proportion to the number of shares of Class A Common Stock held by them. The holders of shares of Class V Common Stock, as such, will not be entitled to receive any assets of the Company in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company.

Preferred Stock

The Amended and Restated Charter provides that shares of preferred stock may be issued from time to time in one or more series. The Board is authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, optional or other special rights and any qualifications, limitations and restrictions, applicable to the shares of each series.

Exhibit 4.6

Warrants

Public Warrants

Each whole warrant entitles the registered holder to purchase one share of our Class A Common Stock at a price of $11.50 per share, subject to adjustment as discussed below, at any time commencing on April 12, 2022. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares of Class A Common Stock. No fractional warrants will be issued upon separation of the units and only whole warrants will trade.

The Public Warrants will expire at 5:00 PM, New York City time, on December 1, 2026 or earlier upon redemption or liquidation. On the exercise of any warrant, the warrant exercise price will be paid directly to us.

We will not redeem the warrants for cash unless an effective registration statement under the Securities Act covering the Class A Common Stock issuable upon exercise of the warrants is effective and a current prospectus relating to those shares of Class A Common Stock is available throughout the 30-day redemption period, except if the warrants may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If our shares of Class A Common Stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of public warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement, and in the event we do not so elect, we will use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

Once the warrants become exercisable, we may redeem the outstanding warrants for cash (except as described herein with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption, which we refer to as the 30-day redemption period; and
- if, and only if, the closing price of our Class A Common Stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock capitalizations, reorganizations, recapitalizations and the like and for certain issuances of Class A Common Stock and equity-linked securities for capital raising purposes in connection with the closing the Business Combination as described elsewhere in this prospectus) for any 20 trading days within a 30- trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders.

The redemption criteria for our warrants have been established at a price which is intended to provide warrant holders a reasonable premium to the initial exercise price and provide a sufficient differential between the then-prevailing share price and the warrant exercise price so that if the share price declines as a result of our redemption call, the redemption will not cause the share price to drop below the exercise price of the warrants; however, such redemption may occur at a time when the redeemable warrants are "out-of-the-money," in which case you would lose any potential embedded value from a subsequent increase in the value of our common stock had your warrants remained outstanding.

In the event we determine to redeem the public warrants, holders of redeemable warrants will be notified of such redemption as described in our warrant agreement. Specifically, in the event that we elect to redeem all of the redeemable warrants as described above, we will fix a date for the redemption (the "Redemption Date"). Notice of redemption will be mailed by first class mail, postage prepaid, by us not less than 30 days prior to the Redemption Date to the registered holders of the warrants to be redeemed at their last addresses as they appear on the registration books. Any notice mailed in the manner provided in the warrant agreement will be conclusively presumed to have been duly given whether or not the registered holder received such notice. In addition, beneficial owners of the redeemable warrants will be notified of such redemption via posting of the redemption notice to DTC.

If we call the warrants for redemption as described above, we will have the option to require all holders that wish to exercise warrants to do so on a "cashless basis." In determining whether to require all holders to exercise their warrants on a "cashless basis," we will consider, among other factors, our cash position, the number of warrants that are outstanding and the dilutive effect on our stockholders of issuing the maximum number of shares of Class A Common Stock issuable upon the exercise of our warrants. In such event, each
holder would pay the exercise price by surrendering the warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the excess of the "fair market value" of our Class A Common Stock (defined below) over the exercise price of the warrants by (y) the fair market value. The "fair market value" will mean the average reported closing price of the Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

If we take advantage of this option, the notice of redemption will contain the information necessary to calculate the number of shares of Class A Common Stock to be received upon exercise of the warrants, including the "fair market value" in such case. Requiring a cashless exercise in this manner will reduce the number of shares to be issued and thereby lessen the dilutive effect of a warrant redemption.

A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the Class A Common Stock outstanding immediately after giving effect to such exercise.

If the number of outstanding shares of Class A Common Stock is increased by a share capitalization payable in shares of Class A Common Stock, or by a split-up of Class A Common Stock or other similar event, then, on the effective date of such share capitalization, split-up or similar event, the number of shares of Class A Common Stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding shares of common stock. A rights offering to holders of Common Stock entitling holders to purchase Class A Common Stock at a price less than the fair market value will be deemed a share capitalization of a number of shares of Class A Common Stock equal to the product of (i) the number of shares of Class A Common Stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Class A Common Stock) multiplied by (ii) 1 minus the quotient of (x) the price per share of Class A Common Stock paid in such rights offering and divided by (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable for shares of Class A Common Stock, in determining the price payable for Class A Common Stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of shares of Class A Common Stock as reported during the 10 trading day period ending on the trading day prior to the first date on which the Class A Common Stock trades on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of Class A Common Stock on account of such Class A Common Stock (or other securities into which the warrants are convertible), other than (a) as described above, (b) certain ordinary cash dividends, (c) to satisfy the redemption rights of the holders of Class A Common Stock in connection with a proposed initial business combination, or (d) in connection with the redemption of our public shares upon our failure to complete our initial business combination, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Class A Common Stock in respect of such event.

If the number of outstanding shares of Class A Common Stock is decreased by a consolidation, combination, reverse share split or reclassification of Class A Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse share split, reclassification or similar event, the number of shares of Class A Common Stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding share of Class A Common Stock.

Whenever the number of shares of Class A Common Stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of Class A Common Stock purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of shares of Class A Common Stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding Class A Common Stock (other than those described above or that solely affects the par value of such Class A Common Stock), or in the case of any merger or consolidation of us with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that does not result in any reclassification or reorganization of our outstanding Class A Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of us as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the Class A Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of Class A Common Stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of Class A Common Stock in such a transaction is payable in the form of Class A Common Stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within thirty days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the warrant agreement based on the Black-Scholes Warrant Value (as defined in the warrant agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants.

Private Placement Warrants

Except as described in this section, the Private Placement Warrants have terms and provisions that are identical to the Public Warrants. The Private Placement Warrants (including the Class A Common Stock issuable upon exercise of the Private Placement Warrants) became transferable, assignable or salable on January 1, 2022 (except, in certain limited exceptions) to our officers and directors and other persons or entities affiliated with the initial purchasers of the Private Placement Warrants) and they will not be redeemable by us so long as they are held by the initial purchasers or their permitted transferees. Each Private Placement Warrant became exercisable for one share of Class A Common Stock at a price of $11.50 per share, subject to adjustments, on December 2, 2022, and subject to additional vesting requirements. The Private Placement Warrants may be exercised only for a whole number of shares of Class A Common Stock. The initial purchasers, or their permitted transferees, have the option to exercise the Private Placement Warrants on a cashless basis so long as they are held by the Sponsor or any of its permitted transferees. If the Private Placement Warrants are held by holders other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by us for cash and exercisable by the holders on the same basis as the Public Warrants. The Private Placement Warrants expire on December 1, 2026.

If holders of the Private Placement Warrants elect to exercise the Private Placement Warrants on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the excess of the “fair market value” of our Class A Common Stock over the exercise price of the warrants by (y) the fair market value. The “fair market value” will mean the average closing price of the Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

OTM Warrants

Except as described in this section, the OTM Warrants have terms and provisions that are identical to the Public Warrants. Each OTM Warrant became exercisable for one share of Class A Common Stock at a price of $15.00 per share, subject to adjustments, on December 2, 2022, and subject to additional vesting requirements. The OTM Warrants are non-redeemable, and may be exercised on a cashless basis so long as they continue to be held by the initial purchasers or their permitted transferees. The OTM Warrants expire on December 1, 2031.

If holders of the OTM Warrants elect to exercise the OTM Warrants on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the excess of the "fair market value" of our Class A Common Stock (defined below) over the exercise price of the warrants by (y) the fair market value. The "fair market value" will mean the average closing price of the Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

Underwriter Warrants

Except as described in this section, the Underwriter Warrants have terms and provisions that are identical to the Public Warrants. Each Underwriter Warrant became exercisable for one share of Class A Common Stock at a price of $11.50 per share, subject to adjustments, on April 12, 2022. The Underwriter Warrants may be exercised only for a whole number of shares of Class A Common Stock. The Underwriter Warrants are entitled to registration rights and for so long as they are held by the underwriters, will not be exercisable more than five years from April 8, 2021 in accordance with FINRA Rule 5110(g)(8)(A). If the Underwriter Warrants are held by holders other than the initial purchasers or their permitted transferees, the Underwriter Warrants will be redeemable by us for cash and exercisable by the holders on the same basis as the Public Warrants. The Underwriter Warrants expire on December 1, 2026.

If holders of the Underwriter Warrants elect to exercise the Underwriter Warrants on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the excess of the "fair market value" of our Class A Common Stock (defined below) over the exercise price of the warrants by (y) the fair market value. The "fair market value" will mean the average closing price of the Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

PIPE Warrants

Except as described in this section, the PIPE Warrants have terms and provisions that are identical to the Public Warrants. Each PIPE Warrant became exercisable for one share of Class A Common Stock at a price of $11.50 per share, subject to adjustments, on January 1, 2022. The PIPE Warrants may be exercised on a cashless basis. The PIPE Warrants expire on December 1, 2026.

If holders of the PIPE Warrants elect to exercise the PIPE Warrants on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the excess of the "fair market value" of our Class A Common Stock (defined below) over the exercise price of the warrants by (y) the fair market value. The "fair market value" will mean the average closing price of the Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

Sponsor Warrant Lock-up Agreement

In connection with the completion of the business combination on December 2, 2021 (the "Business Combination"), the Sponsor and FGSP entered into the Sponsor Warrant Lock-Up Agreement with the Company, pursuant to which the Sponsor and FGSP agreed as described below with respect to (i) the Private Placement Warrants and (ii) the OTM Warrants held by them. Pursuant to the Sponsor Warrant Lock-Up Agreement:

- the Private Placement Warrants are not exercisable until the date on which the volume weighted average trading price of the Class A Common Stock exceeds $15.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing one year after the Business Combination;
- the OTM Warrants are not exercisable until the date on which the volume weighted average trading price of the Class A Common Stock exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing 18 months after the Business Combination; and
- prior to being exercisable, the Sponsor may transfer the Private Placement Warrants and the OTM Warrants, subject to any requirements set forth in the purchase agreements related to the purchase of the Private Placement Warrants and OTM Warrants, provided that such transfers may be implemented only upon the respective transferee's written agreement to be bound by the terms and conditions of the Sponsor Warrant Lock-up Agreement.

Dividends

We have not paid any cash dividends on our common stock to date. The payment of cash dividends in the future will depend upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any future cash dividends will be within the discretion of the Board at such time.

Rule 144

Pursuant to Rule 144, a person who has beneficially owned restricted shares of our common stock or warrants for at least six months would be entitled to sell their securities provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least three months before the sale and have filed all required reports under Section 13 or 15(d) of the Exchange Act during the 12 months (or such shorter period as we were required to file reports) preceding the sale.

Persons who have beneficially owned restricted shares of our common stock or warrants for at least six months but who are our affiliates at the time of, or at any time during the three months preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of:

- 1% of the total number of shares of common stock then-outstanding; or
- the average weekly reported trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales by our affiliates under Rule 144 are also limited by manner of sale provisions and notice requirements and to the availability of current public information about us.

Restrictions on the Use of Rule 144 by Shell Companies or Former Shell Companies

Rule 144 is not available for the resale of securities initially issued by shell companies (other than business combination related shell companies) or issuers that have been at any time previously a shell company. However, Rule 144 also includes an important exception to this prohibition if the following conditions are met:

- the issuer of the securities that was formerly a shell company has ceased to be a shell company;
- the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;
- the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports; and
- at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company.

Registration Rights

Pursuant to the Amended and Restated Registration Rights Agreement, the Company filed a shelf registration statement registering the resale of the Company's equity held by the Holders, and granted to the Holders certain registration rights, including customary piggyback registration rights and demand registration rights, which are subject to customary terms and conditions, including with respect to cooperation and reduction of underwritten shelf takedown provisions (subject to certain lock-up restrictions referenced therein, including those documented in the Lock-up Agreement).

Anti-Takeover Effects of Delaware Law and The Amended and Restated Charter

Some provisions of Delaware law, the Amended and Restated Charter and the Amended and Restated Bylaws contain or will contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

Stockholder Meetings

Special meetings of stockholders may be called by the chairperson of the Board, the chief executive officer (or his or her designee) of Hagerty or the Board, and, until a Change of Control Trigger Event occurs, by stockholders holding a majority of the voting power of Hagerty.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Hagerty's Amended and Restated Bylaws include advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board or a committee of the Board.

Stockholder Action by Written Consent

The Amended and Restated Charter provides that any action required or permitted to be taken by the stockholders may be effected (a) at a duly called annual or special meeting of the stockholders or (b) until a Control Trigger Event has occurred, by written consent in lieu of a meeting.

Removal of Directors

Directors may be removed (a) prior to a Control Trigger Event for any reason by the affirmative vote of the holders of at least a majority of the voting power of all then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class, and (b) after a Control Trigger Event, by the stockholders of the Company only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of all then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class.

Stockholders Not Entitled to Cumulative Voting

The Amended and Restated Charter does not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the DGCL, which prohibits persons deemed to be "interested stockholders" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the Board.

Choice of Forum

The Court of Chancery of the State of Delaware is the sole and exclusive forum for any stockholder to bring (i) any derivative action or proceeding brought on behalf of Hagerty under Delaware law; (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of Hagerty to Hagerty or Hagerty's stockholders; (iii) any action asserting a claim against Hagerty, its directors, officers or other employees arising under the DGCL, the Amended and Restated Charter or the Bylaws of Hagerty (in each case, as may be amended from time to time); (iv) any action asserting a claim against Hagerty or any of its directors, officers or other employees governed by the internal affairs doctrine of the State of Delaware or (v) any other action asserting an "internal corporate claim," as defined in Section 115 of the DGCL, in all cases subject to the court having personal jurisdiction over all indispensable parties named as defendants. Unless a majority of the Board, acting on behalf of Hagerty, consents in writing to the selection of an alternative forum (which consent may be given at any time, including during the pendency of litigation), the federal district courts of the United States of America, to the fullest extent permitted by law, is the sole and exclusive forum for the resolution of any action asserting a cause of action arising under the Securities Act.

Amendment of Charter Provisions

The Amended and Restated Charter requires an affirmative vote of holders of the majority of the voting power of the outstanding shares of capital stock for the amendment, alteration, change or repeal of any provision in the charter; provided, however, that upon a Control Trigger Event the affirmative vote of the holders of at least 75% of the voting power of all then-outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter, repeal or adopt any provision of the Certificate of Incorporation inconsistent with the purpose and intent of Article V, Article VI, Article VII or Article IX (including, without limitation, any such Article as renumbered as a result of any amendment, alternation, repeal or adoption of any other Article).

AMENDED AND RESTATED EXCHANGE AGREEMENT

AMENDED AND RESTATED EXCHANGE AGREEMENT (this "Agreement"), originally dated as of December 2, 2021 and amended and restated as of March 23, 2022 (the "Effective Date"), by and among Hagerty, Inc., a Delaware corporation (the "Corporation"), The Hagerty Group, LLC, a Delaware limited liability company (together with any successor thereto, "OpCo"), Hagerty Holding Corp., a Delaware close corporation ("HHC"), Markel Corporation, a Virginia corporation ("Markel"), and each of HHC's and Markel's Qualified Transferees (as defined below) as such Qualified Transferees may become holders of Units (as defined herein).

WHEREAS, on December 2, 2021, the parties hereto entered into an Exchange Agreement (the "Original Agreement") to provide for the exchange of Paired Interests (as defined herein) for shares of Class A Common Stock (as defined herein), on the terms and subject to the conditions set forth therein; and

WHEREAS, as of the Effective Date, the parties wish to amend and restate the Original Agreement in its entirety, as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

SECTION 1.1 Definitions

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Act" means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq., as amended from time to time (or any corresponding provisions of succeeding law).

"Action" means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Entity.

"Appraiser FMV" means the fair market value of a share of Class A Common Stock as determined by an independent appraiser mutually agreed upon by the Corporation and the relevant Exchanging Member, whose determination shall be final and binding for those purposes for which Appraiser FMV is used in this Agreement. Appraiser FMV shall be the fair market value determined without regard to any discounts for minority interest, illiquidity or other discounts. The cost of any independent appraisal in connection with the determination of Appraiser FMV in accordance with this Agreement shall be borne by OpCo.

"Board" means has the meaning given to such term in the OpCo LLC Agreement.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York and Traverse City, Michigan are authorized or required by Law to close.

"Cash Exchange Notice" has the meaning set forth in Section 2.1(c) of this Agreement.

"Cash Exchange Payment" means with respect to a particular Exchange for which the Corporation has elected a Cash Exchange Payment in accordance with Section 2.1(c), the net proceeds from the sale by the Corporation of shares of Class A Common Stock sold in connection with the related Cash Exchange Payment.

"Change of Control" has the meaning given to such term in the Tax Receivable Agreement; provided, that, for the avoidance of doubt, any event that constitutes both a Corporation Offer and a Change of Control of the Corporation shall be considered a Corporation Offer for purposes of this Agreement.

"Class A 5-Day VWAP" means the arithmetic average of the VWAP for each of the five (5) consecutive Trading Days ending on the Trading Day immediately prior to the Exchange Notice Date or the Exchange Date, as applicable, in accordance with Section 2.1(d).

"Class A Common Stock" means the Class A common stock, par value $0.0001 per share, of the Corporation.

"Class V Common Stock" means the Class V common stock, par value $0.0001 per share, of the Corporation.

"Code" means the Internal Revenue Code of 1986, as amended.

"Corporation" has the meaning set forth in the preamble of this Agreement.

"Corporation Offer" has the meaning set forth in Section 2.7(a) of this Agreement.

"Direct Exchange" has the meaning set forth in Section 2.6 of this Agreement.

"Direct Exchange Election Notice" has the meaning set forth in Section 2.6 of this Agreement.

"Effective Date" has the meaning set forth in the preamble of this Agreement.

"Equity Securities" means (a) with respect to a partnership, limited liability company or similar Person, any and all units, interests, rights to purchase, warrants, options or other equivalents of, or other ownership interests in, any such Person as well as debt or equity instruments convertible, exchangeable or exercisable into any such units, interests, rights or other ownership interests and (b) with respect to a corporation, any and all shares, interests, participation or other equivalents (however designated) of corporate stock, including all common stock and preferred stock, or warrants, options or other rights to acquire any of the foregoing, including any debt instrument convertible or exchangeable into any of the foregoing.

"Exchange" has the meaning set forth in Section 2.1(a) of this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Blackout Period" means (a) any "black out" or similar period under the Corporation's policies covering trading in the Corporation's securities to which the applicable Exchanging Member is subject (or will be subject at such time as it owns Class A Common Stock), which period restricts the ability of such Exchanging Member to immediately resell shares of Class A Common Stock to be delivered to such Exchanging Member in connection with a Stock Exchange Payment and (b) the period of time commencing on (i) the date of the declaration of a dividend by the Corporation and ending on the first day following (ii) the record date determined by the board of directors of the Corporation with respect to such dividend declared pursuant to clause (i), which period of time shall be no longer than ten (10) Business Days; provided, that in no event shall an Exchange Blackout Period which respect to clause (b) of the definition hereof occur more than four (4) times per calendar year.

"Exchange Date" means, in the case of any Unrestricted Exchange, the date that is five (5) Business Days after the date the Exchange Notice is given pursuant to Section 2.1(b), unless the Exchanging Member submits a written request to extend such date and the Corporation in its sole discretion agrees in writing to such extension, and in any other case, the Quarterly Exchange Date; provided, that if the Exchange Date would otherwise fall within any Exchange Blackout Period, then the Exchange Date shall occur on the next Business Day following the end of such Exchange Blackout Period.

"Exchange Notice Date" means, with respect to an Exchange, the date the applicable Exchange Notice is delivered in accordance with Section 2.1(b).

"Exchange Rate" means, at any time, the number of shares of Class A Common Stock for which an Exchanged Unit is entitled to be exchanged at such time. On the date of this Agreement, the Exchange Rate shall be one-for-one, subject to adjustment pursuant to Section 2.4 hereof.

"Exchanged Units" means any Units to be Exchanged for the Cash Exchange Payment or Stock Exchange Payment, as applicable, on the applicable Exchange Date.

"Exchanging Member" means, with respect to any Exchange, the Unitholder exchanging Units pursuant to Section 2.1(a) of this Agreement.

"Exchange Notice" has the meaning set forth in Section 2.1(b) of this Agreement.

"Governmental Entity" means any federal, national, supranational, state, provincial, local, foreign or other government, governmental, stock exchange, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

"HHC" has the meaning set forth in the preamble of this Agreement.

"HSR Act" has the meaning set forth in Section 2.1(b) of this Agreement.

"Interest" means the entire interest of a Unitholder in OpCo, including the Units and all of such Unitholder's rights, powers and privileges under the OpCo LLC Agreement and the Act.

"Law" means any statute, law, ordinance, regulation, rule, code, order, requirement or rule of law (including common law) of any Governmental Entity.

"Legal Action" has the meaning set forth in Section 3.8(a) of this Agreement.

"Lock-Up Agreement" means that certain Lock-Up Agreement among the Corporation, HHC, Markel and the other parties thereto, dated as of December 2, 2021.

"Managing Member" has the meaning given to such term in the OpCo LLC Agreement.

"Markel" has the meaning set forth in the preamble of this Agreement.

"National Securities Exchange" means a securities exchange that has registered with the SEC under Section 6 of the Exchange Act.

"OpCo" has the meaning set forth in the preamble of this Agreement.

"OpCo LLC Agreement" means the Fourth Amended and Restated Limited Liability Company Agreement of OpCo, dated as December 2, 2021, as such agreement may be amended from time to time.

"Original Agreement" has the meaning set forth in the recitals to this Agreement.

"Paired Interest" means one Unit and one share of Class V Common Stock.

"Partnership Tax Audit Rules" means Sections 6221 through 6241 of the Code, together with any final or temporary Treasury Regulations, Revenue Rulings, and case law interpreting Sections 6221 through 6241 of the Code (and any analogous provision of state or local tax Law).

"Permitted Exchange Event" means any of the following events, which has or is occurring, or is otherwise satisfied, as of the Exchange Date:

(a) The Exchange is part of one or more Exchanges by a Unitholder and any related persons (within the meaning of Section 267(b) or 707(b)(1) of the Code) that is part of a "block transfer" within the meaning of Treasury Regulations Section 1.7704-1(e)(2) (for this purpose, treating the Managing Member as a "general partner" within the meaning of Treasury Regulations Section 1.7704-1(k)(1));

(b) The Exchange is in connection with a Corporation Offer or Change of Control; provided, that any such Exchange pursuant to this clause (b) shall be effective immediately prior to the consummation of the closing of the Corporation Offer or Change of Control date (and, for the avoidance of doubt, shall not be effective if such Corporation Offer is not consummated or Change of Control does not occur); or

(c) The Exchange is permitted by the Managing Member (whose permission shall not be unreasonably withheld, conditioned or delayed), in connection with circumstances not otherwise set forth herein, if the Managing Member determines in good faith that the Exchange would not pose a material risk that OpCo would be treated as a "publicly traded partnership" under Section 7704 of the Code (or any successor or similar provision) as a result of or in connection with such Exchange.

"Person" means any individual, estate, corporation, partnership, limited partnership, limited liability company, limited company, joint venture, trust, unincorporated or governmental organization or any agency or political subdivision thereof.

"Private Placement Safe Harbor" means the "private placement" safe harbor set forth in Treasury Regulations Section 1.7704-1(h)(1).

"Qualified Transferee" has the meaning given to such term in the OpCo LLC Agreement.

"Quarterly Exchange Date" means, either (a) for each fiscal quarter, the first (1st) Business Day occurring after the sixtieth (60th) day after the expiration of the applicable Quarterly Exchange Notice Period or (b) such other date as the Corporation shall determine in its sole discretion.

"Quarterly Exchange Notice Period" means, for each fiscal quarter, the period commencing on the third (3rd) Business Day after the day on which the Corporation releases its earnings for the prior fiscal period, beginning with the first such date that falls on or after the waiver or expiration of any contractual lock-up period relating to the shares of the Corporation that may be applicable to a Unitholder (or such other date within such quarter as the Corporation shall determine in its sole discretion) and ending five (5) Business Days thereafter. Notwithstanding the foregoing, the Corporation may change the definition of Quarterly Exchange Notice Period with respect to any Quarterly Exchange Notice Period scheduled to occur in a calendar quarter subsequent to the then-current calendar quarter by providing notice to the Unitholders no less than ten (10) Business Days from the date written notice of such change is sent to each Unitholder.

"Redemption" has the meaning set forth in Section 2.1(a) of this Agreement.

"Restricted Retraction Notice" has the meaning set forth in Section 2.1(d) of this Agreement.

"Secondary Offering" has the meaning set forth in Section 2.1(e) of this Agreement.

"Securities Act" has the meaning set forth in Section 2.1(c) of this Agreement.

"Stock Exchange Payment" means a number of shares of Class A Common Stock equal to the product of the number of Exchanged Units multiplied by the Exchange Rate.

"Tax Receivable Agreement" means that certain Tax Receivable Agreement, dated as of December 2, 2021, by and among the Corporation and the other parties thereto, as such agreement may be amended from time to time.

"Trading Day" means a day on which the New York Stock Exchange or such other principal United States securities exchange on which the Class A Common Stock are listed or admitted to trading and is open for the transaction of business (unless such trading shall have been suspended for the entire day).

"Treasury Regulations" means pronouncements, as amended from time to time, or their successor pronouncements, which clarify, interpret and apply the provisions of the Code, and which are designated as "Treasury Regulations" by the United States Department of the Treasury.

"Unit" has the meaning set forth in the OpCo LLC Agreement.

"Unitholder" means each holder of one or more Units that may from time to time be a party to this Agreement.

"Unrestricted Exchanges" means any Exchange that is in connection with a Permitted Exchange Event or that occurs during a period in which OpCo meets the requirements of the Private Placement Safe Harbor.

"VWAP" means the daily per share volume-weighted average price of shares of Class A Common Stock on the New York Stock Exchange or such other principal United States securities exchange on which shares of Class A Common Stock are listed, quoted or admitted to trading, as displayed under the heading "Bloomberg VWAP" on the Bloomberg page designated for shares of Class A Common Stock (or its equivalent successor if such page is not available) in respect of the period from the open of trading on such Trading Day until the close of trading on such Trading Day (or if such volume-weighted average price is unavailable, (a) the per share volume- weighted average price of a share of Class A Common Stock on such Trading Day (determined without regard to afterhours trading or any other trading outside the regular trading session or trading hours), or (b) if such determination is not feasible, the market price per share of Class A Common Stock, in either case as determined by a nationally recognized independent investment banking firm retained in good faith for this purpose by the Managing Member).

ARTICLE II

SECTION 2.1 Exchange Procedure

(a) From and after the expiration of the Lock-Up Period (as defined in the Lock-Up Agreement) and subject to the terms of the OpCo LLC Agreement, each Unitholder (other than the Corporation) shall be entitled, upon the terms and subject to the conditions hereof, to surrender Paired Interests to OpCo in exchange for the delivery of the Stock Exchange Payment or, at the election of the Corporation, the Cash Exchange Payment, as applicable, (such exchange, a "Redemption" and, together with a Direct Exchange (as defined below), an "Exchange"); provided, that (absent a waiver by the Managing Member) any such Exchange is for a minimum of the lesser of (i) 100,000 Units (which minimum shall be equitably adjusted in accordance with any adjustments to the Exchange Rate) and (ii) all of the Units held by such Unitholder.

(b) A Unitholder shall exercise its right to make an Exchange as set forth in Section 2.1(a) above by delivering to OpCo, with a copy to the Corporation, a written election of exchange in respect of the Paired Interests to be exchanged substantially in the form of Exhibit A hereto (an "Exchange Notice") in accordance with this Section 2.1(b). A Unitholder may deliver an Exchange Notice with respect to an Unrestricted Exchange at any time, and, in any other case, during the Quarterly Exchange Notice Period preceding the desired Exchange Date. An Exchange Notice with respect to an Unrestricted Exchange may specify that the Exchange is to be contingent (including as to timing) upon the consummation of a purchase by another Person (whether in a tender or exchange offer, an underwritten offering or otherwise) of the Class A Common Stock into which the Exchanged Units are exchangeable, or contingent (including as to timing) upon the closing of an announced merger, consolidation or other transaction or event in which such Class A Common Stock would be exchanged or converted or become exchangeable for or convertible into cash or other securities or property. Notwithstanding anything to the contrary contained in this Agreement, if, in connection with an Exchange in accordance with this Section 2.1, a filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR Act"), then the Exchange Date with respect to all Exchanged Units which would be exchanged into shares of Class A Common Stock resulting from such Exchange shall be delayed until the earlier of (i) such time as the required filing under the HSR Act has been made and the waiting period applicable to such Exchange under the HSR Act shall have expired or been terminated or (ii) such filing is no longer required, at which time such Exchange shall automatically occur without any further action by the holders of any such Exchanged Units. Each of the Unitholders and the Corporation shall to promptly take all actions required to make such filing under the HSR Act and the filing fee for such filing shall be paid by OpCo.

(c) Within three (3) Business Days of the giving of an Exchange Notice, the Corporation, on behalf of OpCo, may elect to settle all or a portion of the Exchange in cash in an amount equal to the Cash Exchange Payment (in lieu of Class A Common Stock) by giving written notice of such election to the Exchanging Member within such three (3) Business Day period (such notice, the "Cash Exchange Notice"). The Cash Exchange Notice shall set forth the portion of the Exchanged Units which will be exchanged for cash in lieu of Class A Common Stock. Any portion of the Exchange not settled for a Cash Exchange Payment shall be settled for a Stock Exchange Payment. The Corporation shall, on the relevant Exchange Date, consummate a private sale or public offering of a number of shares of Class A Common Stock equal to the number of Exchanged Units with respect to which the Cash Exchange Payment has been elected by the Corporation.

(d) The Exchanging Member may elect to retract its Exchange Notice with respect to an Unrestricted Exchange by giving written notice of such election to OpCo, with a copy to the Corporation, no later than (1) Business Day prior to the Exchange Date. Subject to the last two (2) sentences of this Section 2.1(d), if, in the case of an Exchange that is not an Unrestricted Exchange, the Class A 5-Day VWAP (determined treating the final date of such period as the Exchange Date) decreases by more than ten percent (10%) from the Class A 5-Day VWAP (determined treating the final date of such period as the date of delivery of an Exchange Notice), the Exchanging Member may elect to retract its Exchange Notice by giving written notice of such election (a "Restricted Retraction Notice") to OpCo, with a copy to the Corporation, no later than three (3) Business Days prior to the Exchange Date. The giving of a Restricted Retraction Notice pursuant to this Section 2.1(d) shall terminate all of the Exchanging Member's, the Corporation's and OpCo's rights and obligations under this Article II arising from such retracted Exchange Notice (but not, for the avoidance of doubt, from any Exchange Notice not retracted or that may be delivered in the future). An Exchanging Member may deliver a Restricted Retraction Notice only once in every twelve (12)-month period (and any additional Restricted Retraction Notice delivered by such Exchanging Member within such twelve (12)-month period shall be deemed null and void *ab initio* and ineffective with respect to the revocation of the Exchange specified therein).

(e) Notwithstanding anything to the contrary in this Agreement, if the Corporation closes an underwritten distribution of the shares of Class A Common Stock and the Unitholders (other than, or in addition to, the Corporation) were entitled to resell shares of Class A Common Stock in connection therewith (by the exercise by such Unitholders of Exchange rights or otherwise) (a "Secondary Offering"), then, the immediately succeeding Quarterly Exchange Date shall be automatically cancelled and of no force or effect (and no Unitholder shall be entitled to exercise its Exchange right or deliver a Quarterly Exchange Date Notice with respect to an Exchange that is not an Unrestricted Exchange in respect of such Quarterly Exchange Date). Notwithstanding anything to the contrary in this Agreement (i) for so long as OpCo does not meet the requirements of the Private Placement Safe Harbor, any Secondary Offering (other than that pursuant to which all Exchanges are Unrestricted Exchanges) shall only be undertaken if, during the applicable taxable year, the total number of Quarterly Exchange Dates and prior Secondary Offerings (other than any pursuant to which all Exchanges are Unrestricted Exchanges) on which Exchanges occur is three (3) or fewer and (ii) OpCo and the Corporation shall not be deemed to have failed to comply with their respective obligations under the Corporation's Amended and Restated Registration Rights Agreement, dated August 17, 2021, as amended from time to time, if a Secondary Offering cannot be undertaken due to the restriction set forth in the preceding clause (i).

SECTION 2.2 Exchange Payment

(a) The Exchange shall be consummated on the Exchange Date.

(b) On the Exchange Date (to be effective immediately prior to the close of business on the Exchange Date), in the case of a Redemption, (i) the Corporation shall contribute to OpCo, for delivery to the Exchanging Member (A) the Stock Exchange Payment with respect to any Exchanged Units not subject to a Cash Exchange Notice and (B) the Cash Exchange Payment with respect to any Exchanged Units subject to a Cash Exchange Notice, (ii) the Exchanging Member shall transfer and surrender the Exchanged Units to OpCo and simultaneously surrender the corresponding number of shares of Class V Common Stock to the Corporation, free and clear of all liens and encumbrances, (iii) OpCo shall issue to the Corporation a number of Units equal to the number of Exchanged Units surrendered pursuant to clause (ii) and (iv) the Corporation shall cancel the exchanged shares of Class V Common Stock, and (v) OpCo shall (A) cancel the redeemed Exchanged Units and (B) transfer to the Exchanging Member the Cash Exchange Payment and/or the Stock Exchange Payment, as applicable.

(c) On the Exchange Date (to be effective immediately prior to the close of business on the Exchange Date), in the case of a Direct Exchange, (i) the Corporation shall deliver to the Exchanging Member, (A) the Stock Exchange Payment with respect to any Exchanged Units not subject to a Cash Exchange Notice and (B) the Cash Exchange Payment with respect to any Exchanged Units subject to a Cash Exchange Notice, (ii) the Exchanging Member shall transfer to the Corporation the Exchanged Units and the corresponding shares of Class V Common Stock (it being understood that the Corporation shall cancel the surrendered shares of Class V Common Stock), free and clear of all liens and encumbrances, and (iii) solely to the extent necessary in connection with a Direct Exchange, the Corporation shall undertake all actions, including an issuance, reclassification, distribution, division or recapitalization, with respect to the shares of Class A Common Stock to maintain a one-to-one ratio between the number of Units owned by the Corporation, directly or indirectly, and the number of outstanding shares of Class A Common Stock, any Stock Exchange Payment, and any other action taken in connection with this Section 2.2.

(d) Upon the Exchange of all of a Unitholder's Units, such Unitholder shall cease to be a Member (as such term is defined in the OpCo LLC Agreement) of OpCo.

SECTION 2.3 Expenses and Restrictions.

(a) Except as expressly set forth in this Agreement, OpCo and each Exchanging Member shall bear its own expenses in connection with the consummation of any Exchange, whether or not any such Exchange is ultimately consummated, except that OpCo shall bear any transfer taxes, stamp taxes or duties, or other similar taxes in connection with, or arising by reason of, any Exchange; provided, however, that if any shares of Class A Common Stock are to be delivered in a name other than that of the Unitholder that requested the Exchange, then such Unitholder and/or the Person in whose name such shares are to be delivered shall pay to OpCo the amount of any transfer taxes, stamp taxes or duties, or other similar taxes in connection with, or arising by reason of, such Exchange or shall establish to the reasonable satisfaction of OpCo that such tax has been paid or is not payable.

(b) Notwithstanding anything to the contrary herein, the Corporation or OpCo shall use commercially reasonable efforts to restrict issuances of Units in an amount sufficient for OpCo to be eligible for the Private Placement Safe Harbor, and, to the extent that the Corporation or OpCo determine that OpCo does not meet the requirements of the Private Placement Safe Harbor at any point in any taxable year, the Corporation or OpCo may impose such restrictions on Exchanges during such taxable year as the Corporation or OpCo may determine to be necessary or advisable so that OpCo is not treated as a "publicly traded partnership" under Section 7704 of the Code; provided, that restrictions imposed pursuant to this Section 2.3(b) shall not apply to any Unrestricted Exchange. Notwithstanding anything to the contrary herein, no Exchange shall be permitted (and, if attempted, shall be void *ab initio*) if, in the good faith determination of the Corporation or of OpCo, such an Exchange would pose a material risk that OpCo would be a "publicly traded partnership" under Section 7704 of the Code.

(c) For the avoidance of doubt, and notwithstanding anything to the contrary herein, (i) a Unitholder shall not be entitled to effect an Exchange to the extent the Corporation determines in good faith that such Exchange (A) would be prohibited by law or regulation (including, without limitation, the unavailability of any requisite registration statement filed under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any exemption from the registration requirements thereunder) or (B) would not be permitted under any other agreements with the Corporation or its subsidiaries to which such Unitholder may be party (including, without limitation, the OpCo LLC Agreement) or any written policies of the Corporation related to unlawful or inappropriate trading applicable to its directors, officers or other personnel and (ii) the Corporation is under no obligation to elect to settle any Exchange, or any portion thereof, in cash.

(d) The Corporation may adopt reasonable procedures for the implementation of the exchange provisions set forth in this Article II, including, without limitation, procedures for the giving of notice of an election of exchange.

SECTION 2.4 Adjustment. The Exchange Rate shall be adjusted accordingly if there is: (a) any subdivision (by any unit split, unit distribution, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse unit split, reclassification, reorganization, recapitalization or otherwise) of the Units that is not accompanied by an identical subdivision or combination of the Class A Common Stock or (b) any subdivision (by any stock split, stock dividend or distribution, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse stock split, reclassification, reorganization, recapitalization or otherwise) of the Class A Common Stock that is not accompanied by an identical subdivision or combination of the Units. If there is any reclassification, reorganization, recapitalization or other similar transaction in which the Class A Common Stock are converted or changed into another security, securities or other property, then upon any subsequent Exchange, an Exchanging Member shall be entitled to receive the amount of such security, securities or other property that such Exchanging Member would have received if such Exchange had occurred immediately prior to the effective time of such reclassification, reorganization, recapitalization or other similar transaction, taking into account any adjustment as a result of any subdivision (by any split, distribution or dividend, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of such security, securities or other property that occurs after the effective time of such reclassification, reorganization, recapitalization or other similar transaction. Except as may be required in the immediately preceding sentence, no adjustments in respect of distributions shall be made upon the exchange of any Unit.

SECTION 2.5 Class A Common Stock to be Issued.

(a) The Corporation shall at all times reserve and keep available out of its authorized but unissued Class A Common Stock, solely for the purpose of issuance upon an Exchange, such number of shares of Class A Common Stock as may be deliverable upon any such Exchange; provided, that nothing contained herein shall be construed to preclude OpCo from satisfying its obligations in respect of the Exchange of the Exchanged Units by delivery of shares of Class A Common Stock which are held in the treasury of the Corporation or are held by OpCo or any of their subsidiaries or by delivery of purchased shares of Class A Common Stock (which may or may not be held in the treasury of the Corporation or held by any subsidiary thereof), or by delivery of the Cash Exchange Payment. The Corporation and OpCo shall at all times ensure that all Class A Common Stock issued upon an Exchange will, upon issuance, be validly issued, fully paid and non-assessable.

(b) The Corporation and OpCo shall at all times ensure that the execution and delivery of this Agreement by each of the Corporation and OpCo and the consummation by each of the Corporation and OpCo of the transactions contemplated hereby (including without limitation, the issuance of the Class A Common Stock) have been duly authorized by all necessary corporate or limited liability company action, as the case may be, on the part of the Corporation and OpCo, including, but not limited to, all actions necessary to ensure that the acquisition of shares of Class A Common Stock pursuant to the transactions contemplated hereby, to the fullest extent of the Corporation's board of directors' power and authority and to the extent permitted by law, shall not be subject to any "moratorium," "control share acquisition," "business combination," "fair price" or other form of anti-takeover laws and regulations of any jurisdiction that may purport to be applicable to this Agreement or the transactions contemplated hereby.

(c) The Corporation and OpCo shall, to the extent that a registration statement under the Securities Act is effective and available for shares of Class A Common Stock to be delivered with respect to any Exchange, deliver shares that have been registered under the Securities Act in respect of such Exchange. In the event that any Exchange in accordance with this Agreement is to be effected at a time when any required registration has not become effective or otherwise is unavailable, upon the request and with the reasonable cooperation of the Unitholder requesting such Exchange, the Corporation and OpCo shall use commercially reasonable efforts to promptly facilitate such Exchange pursuant to any reasonably available exemption from such registration requirements. The Corporation and OpCo shall use commercially reasonable efforts to list the Class A Common Stock required to be delivered upon exchange prior to such delivery upon each national securities exchange or inter-dealer quotation system upon which the outstanding Class A Common Stock may be listed or traded at the time of such delivery.

SECTION 2.6 Direct Exchange. Notwithstanding anything to the contrary in this Article II, the Corporation may, in its sole and absolute discretion, elect to effect on the Exchange Date the Exchange of Exchanged Units for the Cash Exchange Payment and/or the Stock Exchange Payment, as the case may be (and subject to the terms of Section 2.2(b) and (c)), through a direct exchange of such Exchanged Units and with such consideration between the Exchanging Member and the Corporation (a "Direct Exchange"). Upon such Direct Exchange pursuant to this Section 2.6, the Corporation shall acquire the Exchanged Units and shall be treated for all purposes of this Agreement as the owner of such Units; provided, that, any such election by the Corporation shall not relieve OpCo of its obligation arising with respect to such applicable Exchange Notice. The Corporation may, at any time prior to an Exchange Date, deliver written notice (an "Direct Exchange Election Notice") to OpCo and the Exchanging Member setting forth its election to exercise its right to consummate a Direct Exchange; provided, that such election does not prejudice the ability of the parties to consummate an Exchange or Direct Exchange on the Exchange Date. A Direct Exchange Election Notice may be revoked by the Corporation at any time; provided, that any such revocation does not prejudice the ability of the parties to consummate an Exchange or Direct Exchange on the Exchange Date. The right to consummate a Direct Exchange in all events shall be exercisable for all the Exchanged Units that would otherwise have been subject to an Exchange. Except as otherwise provided in this Section 2.6, a Direct Exchange shall be consummated pursuant to the same timeframe and in the same manner as the relevant Exchange would have been consummated had the Corporation not delivered a Direct Exchange Election Notice.

SECTION 2.7. Corporation Offer or Change of Control.

(a) In the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to Class A Common Stock (a "Corporation Offer") is proposed by the Corporation or is proposed to the Corporation or its stockholders and approved by the Board or is otherwise effected or to be effected with the consent or approval of the Board or the Corporation will undergo a Change of Control, the Unitholders shall be permitted to deliver an Exchange Notice (which Exchange Notice shall be effective immediately prior to the consummation of such Corporation Offer or Change of Control (and, for the avoidance of doubt, shall be contingent upon such Corporation Offer or Change of Control and not be effective if such Corporation Offer or Change of Control is not consummated)). In the case of a Corporation Offer proposed by the Corporation, the Corporation will use its reasonable best efforts expeditiously and in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit the Unitholders to participate in such Corporation Offer to the same extent or on an economically equivalent basis as the holders of shares of Class A Common Stock without discrimination.

(b) The Corporation shall send written notice to OpCo and the Unitholders at least thirty (30) days prior to the closing of the transactions contemplated by the Corporation Offer or the Change of Control date notifying them of their rights pursuant to this Section 2.7, and setting forth, in the case of a Corporation Offer, (i) a copy of the written proposal or agreement pursuant to which the Corporation Offer will be effected, (ii) the consideration payable in connection therewith, (iii) the terms and conditions of transfer and payment and (iv) the date and location of and procedures for selling Units, or in the case of a Change of Control, (A) a description of the event constituting the Change of Control, (B) the date of the Change of Control, and (C) a copy of any written proposals or agreement relating thereto. In the event that the information set forth in such notice changes from that set forth in the initial notice, a subsequent notice shall be delivered by the Corporation no less than seven (7) days prior to the closing of the Corporation Offer or date of the Change of Control.

ARTICLE III

SECTION 3.1 Additional Unitholders. To the extent a Unitholder validly transfers any or all of such holder's Units to a Qualified Transferee in accordance with, and not in contravention of, the Corporation's certificate of incorporation, the OpCo LLC Agreement or any other agreement or agreements with OpCo or the Corporation or any of its subsidiaries to which a transferring Unitholder may be party, then such Qualified Transferee shall have the right to execute and deliver a joinder to this Agreement, substantially in the form of Exhibit B hereto, whereupon such Qualified Transferee shall become a Unitholder hereunder. To the extent OpCo issues Units in the future, OpCo shall be entitled, in its sole discretion, to make any holder of such Units a Unitholder hereunder through such holder's execution and delivery of a joinder to this Agreement, substantially in the form of Exhibit B hereto.

SECTION 3.2 Addresses and Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, by electronic mail (delivery receipt requested) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be as specified in a notice given in accordance with this Section 3.2):

(a) If to the Corporation, to:

P.O. Box 1303
Traverse City, MI 49685-1303
Attention: Barbara Matthews, General Counsel
E-mail: bmatthews@hagerty.com

(b) If to OpCo, to:

P.O. Box 1303
Traverse City, MI 49685-1303
Attention: Barbara Matthews, General Counsel
E-mail: bmatthews@hagerty.com

(c) If to any Unitholder, to the address or other contact information set forth in the records of OpCo from time to time.

SECTION 3.3 Further Action. Each party hereto agrees that it will from time to time, upon the reasonable request of another party, execute such documents and instruments and take such further action as may be required to accomplish the purposes of this Agreement.

SECTION 3.4 Binding Effect. All of the terms and provisions of this Agreement shall be binding upon the parties and their respective successors and assigns, but shall inure to the benefit of and be enforceable by the successors and assigns of any Unitholder only to the extent that they are permitted successors and assigns pursuant to the terms hereof. No party hereto may assign its rights or obligations hereunder except as herein expressly permitted.

SECTION 3.5 Severability. If any provision of this Agreement is determined to be invalid, illegal or unenforceable by any Governmental Entity, the remaining provisions of this Agreement, to the extent permitted by Law shall remain in full force and effect; provided, that the essential terms and conditions of this Agreement for all parties remain valid, binding and enforceable.

SECTION 3.6 Amendment.

(a) The terms and provisions of this Agreement may only be waived, modified or amended (including by means of merger, consolidation or other business combination to which OpCo is a party) with the approval of (y) the Managing Member and (z) if at such time the Unitholders (other than the Corporation) beneficially own, in the aggregate, more than ten percent (10%) of the then-outstanding Units, the holders of greater than fifty percent (50%) of the outstanding Units held by Unitholders other than the Corporation; provided, that no waiver, modification or amendment shall be effective until at least five (5) Business Days after written notice is provided to the Unitholders that the requisite consent has been obtained for such waiver, modification or amendment, and any Unitholder, including any Unitholder not providing written consent, shall have the right to undertake an Exchange prior to the effectiveness of such waiver, modification or amendment; provided, further, that no amendment to this Agreement may materially alter or change any rights, preferences or privileges of any Unitholder (including the ability to Exchange Paired Interests pursuant to this Agreement)in a manner that is different or prejudicial (or would have a different or prejudicial effect) relative to any other Interests, without the approval of a majority in interest of the Unitholders holding the Interests affected in such a different or prejudicial manner.

(b) Notwithstanding the provisions of Section 3.6(a), the Managing Member, acting alone, may amend this Agreement or update the books and records of OpCo (i) to reflect the admission of new Unitholders, transfers of Interests, the issuance of additional Equity Securities, as provided by the terms of this Agreement, and, subject to Section 3.6(a), subdivisions or combinations of Units made in compliance with Section 3.1(g) of the OpCo LLC Agreement, (ii) to the minimum extent necessary to comply with or administer in an equitable manner the Partnership Tax Audit Rules in any manner determined by the Managing Member, and (iii) as necessary to avoid OpCo being classified as a "publicly traded partnership" within the meaning of Section 7704(b) of the Code.

SECTION 3.7 Waiver. No waiver of any provision or default under, nor consent to any exception to, the terms of this Agreement or any agreement contemplated hereby shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided.

SECTION 3.8 Submission to Jurisdiction; Waiver of Jury Trial.

(a) The parties hereto hereby agree and consent to be subject to the jurisdiction of any federal court of the District of Delaware or the Delaware Court of Chancery over any action, suit or proceeding (a "Legal Action") arising out of or in connection with this Agreement. The parties hereto irrevocably waive the defense of an inconvenient forum to the maintenance of any such Legal Action. Each of the parties hereto further irrevocably consents to the service of process out of any of the aforementioned courts in any such Legal Action by the mailing of copies thereof by registered mail, postage prepaid, to such party at its address set forth in this Agreement, such service of process to be effective upon acknowledgment of receipt of such registered mail. Nothing in this Section 3.8 shall affect the right of any party hereto to serve legal process in any other manner permitted by law.

(b) To the extent that any party has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself, or to such party's property, each such party hereby irrevocably waives such immunity in respect of such party's obligations with respect to this Agreement.

(c) EACH PARTY ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY AGREEING TO THE CHOICE OF DELAWARE LAW TO GOVERN THIS AGREEMENT AND TO THE JURISDICTION OF DELAWARE COURTS IN CONNECTION WITH PROCEEDINGS BROUGHT HEREUNDER. THE PARTIES INTEND THIS TO BE AN EFFECTIVE CHOICE OF DELAWARE LAW AND AN EFFECTIVE CONSENT TO JURISDICTION AND SERVICE OF PROCESS UNDER 6 DEL. C. § 2708.

(d) EACH OF THE CORPORATION, HHC, MARKEL AND ANY INDEMNITEES SEEKING REMEDIES HEREUNDER HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE.

SECTION 3.9 Counterparts. This Agreement and any amendment hereto or any other agreement (or document) delivered pursuant hereto may be executed in one or more counterparts and by different parties in separate counterparts. All of such counterparts shall constitute one and the same agreement (or other document) and shall become effective (unless otherwise provided therein) when one or more counterparts have been signed by each party and delivered to the other party.

SECTION 3.10 Tax Treatment. This Agreement shall be treated as part of the partnership agreement of OpCo as described in Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations promulgated thereunder. As required by the Code and the Treasury Regulations, the parties shall report any Exchange consummated hereunder as a taxable sale of the Exchanged Units by a Unitholder to the Corporation in exchange for (a) the payment by the Corporation of the Stock Exchange Payment, the Cash Exchange Payment, or other applicable consideration to the Exchanging Member, and (b) corresponding payments under the Tax Receivable Agreement, and no party shall take a contrary position on any income tax return, amendment thereof or communication with a taxing authority unless an alternate position that is permitted under the Code and Treasury Regulations is requested by the Exchanging Member and the Corporation consents in writing, such consent not to be unreasonably withheld, conditioned, or delayed. Further, in connection with any Exchange consummated hereunder, OpCo and/or the Corporation shall provide the Exchanging Member with all reasonably necessary information to enable the Exchanging Member to file its income tax returns for the taxable year that includes the Exchange, including information with respect to Code Section 751 assets (including relevant information regarding "unrealized receivables" or "inventory items") and Section 743(b) basis adjustments as soon as practicable and in all events within sixty (60) days following the close of such taxable year (and use commercially reasonable efforts to provide estimates of such information within ninety (90) days of the applicable Exchanges). Within thirty (30) days following the Exchange Date, the Corporation shall deliver a Section 743 notification to OpCo in accordance with Treasury Regulations Section 1.743-1(k)(2).

SECTION 3.11 Withholding. The Corporation and OpCo shall be entitled to deduct and withhold from any payments made to a Unitholder pursuant to any Exchange consummated under this Agreement all taxes that each of the Corporation and OpCo is required to deduct and withhold with respect to such payments under the Code (and any other provision of applicable law, including, without limitation, under Section 1445 and Section 1446(f) of the Code). In connection with any Exchange, the Exchanging Member shall, to the extent it is legally entitled to deliver such form, deliver to the Corporation or OpCo, as applicable, a certificate, dated as of the Exchange Date, in a form reasonably acceptable to the Corporation certifying as to such Exchanging Member's taxpayer identification number and that such Exchanging Member is a not a foreign person for purposes of Section 1445 and Section 1446(f) of the Code (which certificate may be an Internal Revenue Service Form W-9 if then sufficient for such purposes under applicable law) (such certificate, a "Non-Foreign Person Certificate"). If an Exchanging Member is unable to provide a Non-Foreign Person Certificate the Corporation or OpCo, as applicable, shall be permitted to withhold on the amount realized by such Exchanging Member in respect of such Exchange as provided in Section 1446(f) of the Code and Regulations thereunder; provided that the Corporation and OpCo shall reasonably cooperate with the Exchanging Member to reduce or eliminate such withholding to the extent permitted by law. The Corporation or OpCo, as applicable, may at their sole discretion reduce the Class A Common Stock issued to a Unitholder in an Exchange in an amount that corresponds to the amount of the required withholding described in the immediately preceding sentence and all such amounts shall be treated as having been paid to such Unitholder.

SECTION 3.12 Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that such parties shall be entitled to specific performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity.

SECTION 3.13 Independent Nature of Unitholders' Rights and Obligations. The obligations of each Unitholder hereunder are several and not joint with the obligations of any other Unitholder, and no Unitholder shall be responsible in any way for the performance of the obligations of any other Unitholder hereunder. The decision of each Unitholder to enter into this Agreement has been made by such Unitholder independently of any other Unitholder. Nothing contained herein, and no action taken by any Unitholder pursuant hereto, shall be deemed to constitute the Unitholders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Unitholders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated hereby. The Corporation acknowledges that the Unitholders are not acting in concert or as a group, and the Corporation will not assert any such claim, with respect to such obligations or the transactions contemplated hereby.

SECTION 3.14 Applicable Law. This Agreement, the legal relations between the parties and any Action, whether contractual or non-contractual, instituted by any party with respect to matters arising under or growing out of or in connection with or in respect of this Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware applicable to contracts made and performed in such state and without regard to conflicts of law doctrines, except to the extent that certain matters are preempted by federal Law or are governed as a matter of controlling Law by the Law of the jurisdiction of organization of the respective parties.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered, all as of the Effective Date.

Hagerty, Inc.

By: /s/ McKeel Hagerty

Name: McKeel Hagerty

Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered, all as of the Effective Date.

The Hagerty Group, LLC

By: /s/ McKeel Hagerty

Name: McKeel Hagerty

Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered, all as of the Effective Date.

Hagerty Holding Corp.

By: /s/ McKeel Hagerty

Name: McKeel Hagerty

Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered, all as of the Effective Date.

Markel Corporation

By: /s/ Richard R. Whitt

Name: Richard R. Whitt, III

Title: Co-Chief Executive Officer

EXHIBIT A
EXCHANGE NOTICE

Hagerty, Inc.
Attn: General Counsel
P.O. Box 1303
Traverse City, MI 49685-1303

Reference is hereby made to the Exchange Agreement, originally dated as of December 2, 2021 and amended and restated as of March 23, 2022 (as amended from time to time, the "Exchange Agreement"), by and among The Hagerty Group, LLC, a Delaware limited liability company (together with any successor thereto, "**OpCo**"), Hagerty, Inc., a Delaware corporation ("**Corporation**") and managing member of OpCo, and the Unitholders from time to time party thereto (each, a "**Holder**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Exchange Agreement.

The undersigned Holder hereby transfers the number of Units plus shares of Class V Common Stock set forth below (together, the "**Paired Interests**") in Exchange for shares of Class A Common Stock to be issued in its name as set forth below, or the Cash Exchange Payment, as applicable, as set forth in the Exchange Agreement.

Legal Name of Holder: _____

Address: _____

Number of Paired Interests to be Exchanged: _____

Brokerage Account Details: _____

The undersigned hereby represents and warrants that (a) the undersigned has full legal capacity to execute and deliver this Exchange Notice and to perform the undersigned's obligations hereunder; (b) this Exchange Notice has been duly executed and delivered by the undersigned and is the legal, valid and binding obligation of the undersigned enforceable against it in accordance with the terms thereof or hereof, as the case may be, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and the availability of equitable remedies; (c) the Paired Interests subject to this Exchange Notice are being transferred to the Corporation or OpCo, as applicable, free and clear of any pledge, lien, security interest, encumbrance, equities or claim; and (d) no consent, approval, authorization, order, registration or qualification of any third party or with any court or governmental agency or body having jurisdiction over the undersigned or the Paired Interests subject to this Exchange Notice is required to be obtained by the undersigned for the transfer of such Paired Interests to the Corporation or OpCo, as applicable.

The undersigned hereby irrevocably constitutes and appoints any officer of the Corporation or of OpCo as the attorney of the undersigned, with full power of substitution and resubstitution in the premises, to do any and all things and to take any and all actions that may be necessary to transfer to the Corporation or OpCo, as applicable, the Paired Interests subject to this Exchange Notice and to deliver to the undersigned the Stock Exchange Payment or Cash Exchange Payment, as applicable, to be delivered in exchange therefor.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Exchange Notice to be executed and delivered by the undersigned or by its duly authorized attorney.

Name:
Dated:

[*Signature Page to Exchange Notice*]

EXHIBIT B

JOINDER

This Joinder Agreement ("Joinder Agreement") is a joinder to the Exchange Agreement, originally dated as of December 2, 2021 and amended and restated as of March 23, 2022 (as amended from time to time, the "Exchange Agreement"), among Hagerty, Inc., a Delaware corporation (together with any successor thereto, the "Corporation"), The Hagerty Group, LLC, a Delaware limited liability company, and each of the Unitholders from time to time party thereto. Capitalized terms used but not defined in this Joinder Agreement shall have their meanings given to them in the Exchange Agreement. This Joinder Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware. In the event of any conflict between this Joinder Agreement and the Exchange Agreement, the terms of this Joinder Agreement shall control.

The undersigned hereby joins and enters into the Exchange Agreement having acquired Units in The Hagerty Group, LLC. By signing and returning this Joinder Agreement to the Corporation, the undersigned accepts and agrees to be bound by and subject to all of the terms and conditions of and agreements of a Unitholder contained in the Exchange Agreement, with all attendant rights, duties and obligations of a Unitholder thereunder. The parties to the Exchange Agreement shall treat the execution and delivery hereof by the undersigned as the execution and delivery of the Exchange Agreement by the undersigned and, upon receipt of this Joinder Agreement by the Corporation and by The Hagerty Group, LLC, the signature of the undersigned set forth below shall constitute a counterpart signature to the signature page of the Exchange Agreement.

Name: _____

Address for Notices:

_____

Attention: _____

With copies to:

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (the "Amendment"), dated as of January 1, 2023, is entered into by and among The Hagerty Group, LLC, a Delaware limited liability company ("Company"), and Paul E. Rehrig ("Executive"), also referred to as the "Parties", and each, a "Party".

WHEREAS, the Parties have entered into the Employment Agreement, dated August 16, 2021, the "Existing Agreement"; and

WHEREAS, the Parties hereto desire to amend the Existing Agreement on the terms and subject to the conditions set forth herein; and

WHEREAS, pursuant to Section 12 of the Existing Agreement, the amendment contemplated by the Parties must be contained in a written agreement signed by an authorized representative of each Party.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Existing Agreement.

2. Amendments to the Existing Agreement. As of the Effective Date (defined below), the Existing Agreement is hereby amended or modified as follows:

(a) Section 3(h) (Car Allowance) of the Existing Agreement is hereby deleted in its entirety.

3. Date of Effectiveness; Limited Effect. This Amendment will become effective as of January 1, 2023 (the "Effective Date"). Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Existing Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Existing Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Existing Agreement in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Existing Agreement, will mean and be a reference to the Existing Agreement as amended by this Amendment.

4. Representations and Warranties. Each Party hereby represents and warrants to the other Party that:

(a) It has the full right, power, and authority to enter into this Amendment and to perform its obligations hereunder and under the Existing Agreement as amended by this Amendment.

(b) The execution of this Amendment by the individual whose signature is set forth at the end of this Amendment on behalf of such Party, and the delivery of this Amendment by such Party, have been duly authorized by all necessary action on the part of such Party.

(c) This Amendment has been executed and delivered by such Party and (assuming due authorization, execution, and delivery by the other Party hereto) constitutes the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity.

EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 4 OF THIS AMENDMENT, (A) NEITHER PARTY HERETO NOR

ANY PERSON ON SUCH PARTY'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, EITHER ORAL OR WRITTEN, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND (B) EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY REPRESENTATION OR WARRANTY MADE BY THE OTHER PARTY, OR ANY OTHER PERSON ON SUCH OTHER PARTY'S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 4.

5. Miscellaneous.

(a) This Amendment is governed by and construed in accordance with the laws of the State of Michigan, without regard to the conflict of laws provisions of such State.

(b) This Amendment shall inure to the benefit of and be binding upon each of the Parties and each of their respective successors and assigns.

(c) The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

(d) This Amendment may be executed in counterparts, each of which is deemed an original, but all of which constitute one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

(e) This Amendment constitutes the sole and entire agreement between the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

THE HAGERTY GROUP, LLC

By /s/ McKeel Hagerty

Name: McKeel O Hagerty

Title: Chief Executive Officer

PAUL E. REHRIG

By /s/ Paul Rehrig

Title: President of Hagerty Media & Entertainment

Exhibit 10.15

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (the "Amendment"), dated as of March 10, 2023, is entered into by and among The Hagerty Group, LLC, a Delaware limited liability company ("Company"), and McKeel O Hagerty ("Executive"), also referred to as the "Parties", and each, a "Party".

WHEREAS, the Parties have entered into the Employment Agreement, dated January 1, 2018 as amended, supplemented or otherwise modified from time to time in accordance with its provisions, the "Existing Agreement"; and

WHEREAS, the Parties hereto desire to amend the Existing Agreement on the terms and subject to the conditions set forth herein; and

WHEREAS, pursuant to Section 11 of the Existing Agreement, the amendment contemplated by the Parties must be contained in a written agreement signed by an authorized representative of each Party.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Existing Agreement.

2. Amendments to the Existing Agreement. As of the Effective Date (defined below), the Existing Agreement is hereby amended or modified as follows:

(a) At Executive's request, Section 3(c) (Long-Term Incentive Plan) of the Existing Agreement is hereby temporarily modified to include the following language:

(i)For payment made in 2023 under this section, Executive's target incentive payment will be 82% of Executive's Salary, with any payments under the plan to be determined under the terms of the plan.

The Parties agree that this temporary modification shall automatically expire on December 31, 2023, after which the existing provision shall be reinstated in its original form and remain in effect until further amendment by the Parties.

(b) Section 3(e) (Executive Perquisite Account) of the Existing Agreement is hereby deleted in its entirety.

(c) Section 3(f) (Stockholder Director Perquisite Account) of the Existing Agreement is hereby deleted in its entirety.

(d) Section 3(g) (Car Allowance) of the Existing Agreement is hereby deleted in its entirety.

3. Date of Effectiveness; Limited Effect. This Amendment will become effective as of March 10, 2023 (the "Effective Date"). Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Existing Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Existing Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Existing Agreement in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Existing Agreement, will mean and be a reference to the Existing Agreement as amended by this Amendment.

4. Representations and Warranties. Each Party hereby represents and warrants to the other Party that:

(a) It has the full right, power, and authority to enter into this Amendment and to perform its obligations hereunder and under the Existing Agreement as amended by this Amendment.

(b) The execution of this Amendment by the individual whose signature is set forth at the end of this Amendment on behalf of such Party, and the delivery of this Amendment by such Party, have been duly authorized by all necessary action on the part of such Party.

(c) This Amendment has been executed and delivered by such Party and (assuming due authorization, execution, and delivery by the other Party hereto) constitutes the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity.

EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 4 OF THIS AMENDMENT, (A) NEITHER PARTY HERETO NOR ANY PERSON ON SUCH PARTY'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, EITHER ORAL OR WRITTEN, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND (B) EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY REPRESENTATION OR WARRANTY MADE BY THE OTHER PARTY, OR ANY OTHER PERSON ON SUCH OTHER PARTY'S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 4.

5. Miscellaneous.

(a) This Amendment is governed by and construed in accordance with the laws of the State of Michigan, without regard to the conflict of laws provisions of such State.

(b) This Amendment shall inure to the benefit of and be binding upon each of the Parties and each of their respective successors and assigns.

(c) The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

(d) This Amendment may be executed in counterparts, each of which is deemed an original, but all of which constitute one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

(e) This Amendment constitutes the sole and entire agreement between the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

THE HAGERTY GROUP, LLC

By /s/ Michael Angelina

Name: Michael Angelina

Title: Chairman, Hagerty Inc. Board of Directors

MCKEEL O HAGERTY

By /s/ McKeel O Hagerty

Title: Executive

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (the "Amendment"), dated as of January 1, 2023, is entered into by and among Hagerty, Inc., a Delaware corporation ("Company"), and Patrick McClymont ("Executive"), also referred to as the "Parties", and each, a "Party".

WHEREAS, the Parties have entered into the Employment Agreement, dated September 6, 2022, the "Existing Agreement"; and

WHEREAS, the Parties hereto desire to amend the Existing Agreement on the terms and subject to the conditions set forth herein; and

WHEREAS, pursuant to Section 12 of the Existing Agreement, the amendment contemplated by the Parties must be contained in a written agreement signed by an authorized representative of each Party.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Existing Agreement.

2. Amendments to the Existing Agreement. As of the Effective Date (defined below), the Existing Agreement is hereby amended or modified as follows:

(a) Section 3(f) (Car Allowance) of the Existing Agreement is hereby deleted in its entirety.

3. Date of Effectiveness; Limited Effect. This Amendment will become effective as of January 1, 2023 (the "Effective Date"). Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Existing Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Existing Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Existing Agreement in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Existing Agreement, will mean and be a reference to the Existing Agreement as amended by this Amendment.

4. Representations and Warranties. Each Party hereby represents and warrants to the other Party that:

(a) It has the full right, power, and authority to enter into this Amendment and to perform its obligations hereunder and under the Existing Agreement as amended by this Amendment.

(b) The execution of this Amendment by the individual whose signature is set forth at the end of this Amendment on behalf of such Party, and the delivery of this Amendment by such Party, have been duly authorized by all necessary action on the part of such Party.

(c) This Amendment has been executed and delivered by such Party and (assuming due authorization, execution, and delivery by the other Party hereto) constitutes the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity.

EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 4 OF THIS AMENDMENT, (A) NEITHER PARTY HERETO NOR

ANY PERSON ON SUCH PARTY'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, EITHER ORAL OR WRITTEN, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND (B) EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY REPRESENTATION OR WARRANTY MADE BY THE OTHER PARTY, OR ANY OTHER PERSON ON SUCH OTHER PARTY'S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 4.

5. Miscellaneous.

(a) This Amendment is governed by and construed in accordance with the laws of the State of Michigan, without regard to the conflict of laws provisions of such State.

(b) This Amendment shall inure to the benefit of and be binding upon each of the Parties and each of their respective successors and assigns.

(c) The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

(d) This Amendment may be executed in counterparts, each of which is deemed an original, but all of which constitute one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

(e) This Amendment constitutes the sole and entire agreement between the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

HAGERTY, INC.

By /s/ Collette Champagne

Name: Collette C. Champagne

Title: Chief Operating Officer

PATRICK MCCLYMONT

By /s/ Patrick McClymont

Title: Chief Financial Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("**Agreement**") is made by THE HAGERTY GROUP, LLC, a Delaware limited liability company ("**Company**"), and Kenneth H. Ahn ("**Executive**"). As used in this Agreement, the term "**Affiliate**" means any entity controlling, controlled by or under common control with the Company and the Company's subsidiaries; however, as of the date of this Agreement, Affiliate specifically excludes Broad Arrow Group, Inc. and Broad Arrow Holdings LLC and any entity which is an owner, subsidiary or affiliate of either (collectively, "**BAG**").

1. **Effective Date and Term**. This Agreement will take effect on December 1, 2021 ("Effective Date") and will remain in effect during the Employment (as defined in Section 2) and thereafter as to those provisions that expressly state that they will remain in effect after termination of the Employment.

2. **Employment**. Executive will serve as the Company's President of Marketplace or such other management positions with the Company or an Affiliate as Executive and the Company may agree (the "**Employment**"). Without limiting Executive's duties as an officer, director and/or employee of BAG, Executive will perform duties consistent with those positions as assigned to Executive from time to time by the Company's Chief Executive Officer and will comply with all Company policies. The Employment will be full time and Executive's entire business time and efforts will be devoted to the Employment, except that Executive may devote time that will be required to fulfill his role as an officer and director of BAG. The Executive may also oversee passive investments and may serve on boards of directors of non-profit organizations, and with written approval of the Company's Board of Directors may serve on boards of directors of for- profit organizations, that are not competitive with the Company or an Affiliate, provided that such activities do not impair Executive's full-time services under this Agreement or constitute a conflict of interest.

3. **Compensation**. Executive will be compensated during the Employment as follows, subject to required tax deductions and withholdings:

(a) **Salary**. Executive's salary will be $500,000 per year (or a prorated weekly amount for any partial year) subject to normal payroll deductions and will be payable in accordance with the Company's normal payroll practices. The Company may review Executive's salary annually in accordance with the Company's normal procedures and may increase (but not decrease) Executive's salary to reflect the Company's determinations of Executive's performance, Company performance, business or economic conditions, or changes in Executive's duties and responsibilities.

(b) **Annual Incentive Plan**. Beginning with the 2022 plan year, Executive will participate in the Hagerty Amended and Restated Annual Incentive Plan or any successor Company annual bonus plan ("**Annual Incentive Plan**") in accordance with the terms of the plan. The Company will continue an Annual Incentive Plan under which Executive's target incentive payment for each calendar year will be at least 75% of Executive's Salary, with any payments under the plan to be determined under the terms of the plan based on attainment of Company and individual goals as provided in the plan, and subject to Executive's continued Employment with the Company.

1. **Stock Incentive Plan**. Executive will participate in the Company's Stock Incentive Plan or any successor Company long-term bonus plan ("**Stock Incentive Plan**") in accordance with the terms of the plan. Executive will be eligible for awards under the plan at 75% of Executive's Salary, with any awards

to be determined under the terms of the plan, and subject to Executive's continued Employment with the Company.

2. **Paid Time Off**. Executive will be entitled to a minimum of 4 weeks of paid time off per year, to be administered in accordance with Company policy, which is subject to change from time to time in the Company's discretion. Paid time off will be taken at such times as are consistent with the reasonable business needs of the Company.

3. **Benefits**. Executive will be eligible to participate in fringe benefit programs covering the Company's salaried employees as a group and in any other Company benefit programs and policies applicable under Company policy to senior executives. The terms of applicable insurance policies and benefit plans in effect from time to time will govern with regard to specific issues of coverage and benefit eligibility. All benefit programs and policies are subject to change from time to time in the Company's discretion.

4. **Business Expenses**. The Company will reimburse Executive for reasonable, ordinary and necessary business expenses that are specifically authorized or are authorized by Company policy, subject to Executive's prompt submission of proper documentation for tax and accounting purposes. Such expenses will be reimbursed within 30 days after Executive submits such documentation, but in no event later than the fifteenth day of the third month after the end of the year in which the expense is incurred.

5. **Car Allowance**. Executive will receive an annual car allowance of $14,400 per calendar year, to be paid monthly during the year, less required deductions and withholdings.

i. **Termination of Employment Without Severance Pay**. Executive will not be entitled to any further employment-related compensation, payments or benefit coverage from the Company or any Affiliate after termination of the Executive's Employment pursuant to this Section 4, except those payments specifically identified in Section 6.

1. **Death**. The Employment will terminate automatically upon Executive's death.

2. **Disability**. If Executive is unable to perform Executive's duties under this Agreement due to physical or mental disability for a continuous period of 180 days or longer and Executive is eligible for benefits under the Company's long-term disability insurance policy, the Company may terminate the Employment under this Section 4(b). If the Company terminates the Employment as the result of Executive's inability to perform

Executive's duties for less than 180 days due to a disability, the termination of Employment will be deemed to be pursuant to Section 5(a) below.

3. **Termination by Company for Cause**. The Company may terminate the Employment for "**Cause**," defined as Executive's: (i) breach of any provision of Sections 8, 9 or 10 of this Agreement; (ii) continued failure to perform or continued poor performance of duties after warning and reasonable opportunity to meet reasonable required performance standards; (iii) gross negligence causing or placing the Company at risk of significant damage or harm; (iv) misappropriation of or intentional damage to Company property; (v) material fraud or dishonesty; (vi) conviction of a felony; or (vii) intentional act or omission that Executive knows or should know is significantly detrimental to the interests of the Company. Notwithstanding anything herein, Cause specifically excludes any exercise of Executive's fiduciary obligations as an officer or director of BAG, including matters referenced in Section 8(c) of this Agreement.

If the Company becomes aware after termination of the Employment other than for Cause that Executive engaged before the termination of Employment in conduct constituting Cause, the Company may recharacterize Executive's termination as having been for Cause.

4. **Discretionary Termination by Executive**. Executive may terminate the Employment at will with at least 30 days' advance written notice to the Company. If Executive gives such notice of termination, the Company may (but need not) relieve Executive of some or all of Executive's responsibilities for part or all of such notice period, provided that Executive's pay and benefits are continued for the lesser of 30 days or the remaining period of the Employment.

5. **Inability to Form Joint Venture**. This Agreement may be terminated by either party if the parties are unable to complete the closing of a joint venture agreement between Company and BAG by December 31, 2021, unless the parties mutually agree to extend beyond December 31, 2021.

ii. **Termination With Severance Pay**. Executive will not be entitled to any further employment-related compensation, payments or benefit coverage from the Company or any Affiliate after termination of Executive's Employment pursuant to this Section 5, except for payments and benefit coverage as provided in Section 6 and Severance Pay as provided in and subject to the terms of Section 7.

1. **Discretionary Termination by Company**. The Company may terminate the Employment at will or in connection with a Change of Control of BAG, but if the Company does so other than as provided in Section 4 above, Executive will be entitled to Severance Pay as provided in and subject to Section 7. A termination of Executive's Employment by the Company under Section 4(c) that is determined in a proceeding under Section 14 not to be for Cause will be considered to have been a termination under this Section 5(a).

2. **Termination by Executive for Good Reason**. Executive may terminate the Employment for "**Good Reason**" if and only if the Company materially breaches the Company's obligations to Executive under this Agreement. Executive may not resign for Good Reason unless (i) Executive notifies the Company's Chief Executive Officer in writing, within 30 days after Executive becomes aware of the act or omission in question, asserting that the act or omission in question constitutes Good Reason and explaining why,
(ii) the Company fails, within 30 days after the notification, to take all commercially reasonable actions to cure the breach, and (iii) Executive resigns by written notice within 30 days after expiration of the 30 day period under Section 5(b)(ii). If Executive terminates the Employment for Good Reason, Executive will be entitled to Severance Pay as provided in and subject to Section 7.

iii. **Payments Upon Termination of Employment.** Executive will not be entitled to any further employment-related compensation, payments or benefit coverage from the Company or any Affiliate after termination of the Executive's Employment, except (a) unpaid salary installments through the end of the week in which the Employment terminates, (b) any vested benefits accrued before the termination of Employment under the terms of any written Company policy or benefit program, and (c) if the termination of Employment is pursuant to Section 5, Severance Pay to which Executive is entitled under Section 7.

iv. **Severance Pay**. The Company will pay Executive the payments provided in and subject to this Section 7 ("**Severance Pay**") upon Executive's "**separation from service**," as that term is defined by Section 409A of the Internal Revenue Code (the "**Code**"), if Executive's Employment is terminated during the Term as provided in Section 5 and Executive contemporaneously or subsequently experiences a separation from service.

1. **Amount and Duration of Severance Pay**. Subject to the other provisions of this Section 7, Severance Pay will consist of the continuation of Executive's then current base salary for 12 months. No Severance Pay will be paid, however, until the Company's first regular pay date that occurs on or after 60 days after the date of Executive's separation from service. Any salary continuation payments to which Executive would otherwise have been entitled during those 60 days will be accumulated and paid on the Company's first regular pay date on or after 60 days after separation from service provided Executive has signed the release provided for in Section 7(b)(ii) and continued to honor the release. All Severance Pay under Section 7 that would otherwise be paid more than 60 days after termination of the Employment will be made as provided in Section 7 on the Company's normal pay dates. Payments will be less required deductions and withholdings. If Executive dies before the end of the Severance Pay period, any unpaid Severance Pay will be forfeited.

2. **Conditions to Severance Pay**. To be eligible for Severance Pay, Executive must meet the following conditions: (i) Executive must comply with Executive's obligations under this Agreement that continue after termination of the Employment; (ii) Executive must sign a Company-prepared release of claims by a date designated by the Company (which will be not less than 21 days nor more than 45 days after Executive's Employment is terminated and Executive is given the release document) waiving and releasing any and all claims or rights that Executive might otherwise have against the Company, any Affiliate, or any of the officers, directors, employees or agents of the Company or any Affiliate, provided that the release will not waive Executive's right to any payments due under this Section 7 or Section 6, nor will the release waive any right of Executive to liability insurance coverage under any directors' and officers' liability insurance policy or any indemnification rights that Executive may otherwise have; (iii) Executive must resign upon written request by the Company from all positions with or representing the Company or any Affiliate, including but not limited to membership on boards of

directors; and (iv) Executive must, upon request by the Company, provide the Company, for a period of 90 days after termination, with consulting services (limited to no more than 8 hours per week) regarding matters within the scope of Executive's former duties. Executive will only be required to provide those services by telephone or e-mail at Executive's reasonable convenience and without substantial interference with Executive's other activities or commitments.

3. **Disability Benefits Offset to Severance Pay**. Any Severance Pay provided under Section 7(a) will be reduced on a dollar-for-dollar basis by any payments that Executive receives pursuant to the Company's bona fide group long-term disability insurance policy and/or workers' compensation insurance policy.

v. **Loyalty and Confidentiality; Certain Property and Information**.

1. **Loyalty and Confidentiality**. Executive will be loyal to the Company during the Employment, and will hold in strictest confidence, and not use or disclose, without prior written approval, "Confidential Information," which will consist of any of Company or any Affiliate's confidential, proprietary, or trade secret information that is disclosed to Executive in the course of his employment relationship with Company such as, but not limited to, customer lists, business plans, designs, marketing interests, products, financial information, including cost and pricing, vendor lists, and sales processes and procedures. Confidential Information will not include any information which: (i) is or becomes publicly available through no act of Executive; (ii) is rightfully received by Executive from a third party without restrictions; (iii) is independently developed by Executive or BAG; or (iv) is required to be disclosed by Company pursuant to applicable securities law, without any breach of this Agreement by Executive. Executive will also keep the terms of this Agreement confidential, except Executive may share this Agreement with BAG, its officers and directors, and Executive's advisors, provided that such officers, directors and advisors are subject to confidentiality obligations to not use or disclose such information to any third party. Company acknowledges and agrees that in Executive's capacity as an officer or director of BAG, he may be required to use or disclose Confidential Information or trade secrets of the Company to further the joint business interests of Executive and Company.

2. **Certain Property and Information**. Upon termination of the Employment, Executive will deliver to the Company any and all property owned or leased by the Company or any Affiliate and any and all materials and information (in whatever form) relating to the business of the Company or any Affiliate, including without limitation all Confidential Information, trade secrets, computers, mobile and smart phones, business notes, business plans, documents, keys, credit cards and other Company-provided equipment. All Company property will be returned promptly and in good condition except for normal wear.

3. Unless and until there is a Change of Control of BAG as a result of the Company acquiring greater than fifty percent (50%) of the voting interests in BAG, such that Executive ceases to be a shareholder of BAG:

a. Notwithstanding anything to the contrary in this Agreement, the Company acknowledges that Executive will hold dual employment as an officer, director and/or employee of BAG and will continue in those roles during the term of this Agreement. Company acknowledges that if and when any legal or business conflicts develop between BAG and the Company or any Affiliate, Executive will recuse himself from Company decisions and represent solely the interests of BAG.

b. Notwithstanding anything to the contrary in this Agreement and to the fullest extent permitted by Section 122(17) of the Delaware General Corporate Law ("**DGCL**") or any other applicable Law in the event that the applicable entity is not incorporated, formed or organized as a corporation in the State of Delaware, the Company (for itself and on behalf of each of its Affiliates) hereby renounces any interest or expectancy to participate in any business or investments of BAG as currently conducted or as may be conducted in the future except as may be otherwise agreed between Executive, BAG, and Company, and waives any claim against Executive and shall indemnify Executive against any claim that Executive is liable to the Company or any Affiliate or their stockholders for breach of any fiduciary duty solely by reason of Executive's participation in any such business or investment of BAG. The Company shall pay in advance any expenses, including legal fees, incurred in defense of such claim as provided in this provision. In the event that Executive acquires knowledge of a potential transaction or matter which may constitute a corporate opportunity for (x) BAG and (y) the Company or any of its subsidiaries or Affiliates, the Executive shall not have any duty to offer or communicate information regarding such corporate opportunity to the Company or any of its subsidiaries or Affiliates. To the fullest extent permitted by Section 122(17) of the DGCL or any other applicable Law in the event that the applicable entity is not incorporated, formed or organized as a corporation in the State of Delaware, the Company (for itself and on behalf of each of its subsidiaries and Affiliates) hereby renounces any interest or expectancy in any potential transaction or matter of which Executive acquires knowledge, except for any corporate opportunity which is expressly offered to Executive solely in his or her capacity as an employee of the Company, and waives any claim against Executive and BAG and shall indemnify Executive and BAG against any claim that Executive or BAG is liable to the Company or any Affiliate or their stockholders for breach of any fiduciary duty solely by reason of the fact that Executive or BAG (A) pursues or acquires any corporate opportunity for its own account or the account of any Affiliate or other person, (B) directs, recommends, sells, assigns or otherwise transfers such corporate opportunity to another person or (C) does not communicate information regarding such corporate opportunity to the Company or any Affiliate; provided, however, in each such case, that any corporate opportunity which is expressly offered to Executive solely in his or her capacity as an officer or director of the Company shall belong to the Company. The Company shall pay in advance any expenses, including legal fees, incurred in defense of such claim as provided in this provision, except to the extent that Executive is determined by a final, non-appealable order of a Delaware court having competent jurisdiction (or any other judgment which is not appealed in the applicable time) to have breached this provision, in which case any such advanced expenses shall be promptly reimbursed to the Company. Notwithstanding the foregoing, the Company does not renounce its interest in any corporate opportunity, and this provision shall not apply to any corporate opportunity, related to any business other than as it relates to buying, selling, renting, and financing collector cars (live auctions, digital auctions, private sales, financing). For the avoidance of doubt, no corporate opportunity shall be deemed a corporate opportunity of the Company unless such opportunity is expressly offered to Executive solely in his or her capacity as an officer or employee of the Company.

vi. **Ideas, Concepts, Inventions and Other Intellectual Property**.

Executive understands and agrees that he may be asked to create or contribute to the creation of copyrightable works, including, but not limited to, documents and multimedia files. All copyrightable works made or contributed by Executive solely in his capacity as an officer or employee of the Company, solely or in collaboration with others, during the term of the Executive's employment by the Company or an Affiliate, whether or not they are created during working hours, and relating to the business or any aspect of the business of the Company or any Affiliate or to any business or product the Company or any Affiliate is actively planning to enter or develop with Executive's direct involvement, will be considered "works made for hire" under the Copyright Act, and Company will own all copyright rights in such works except for any copyrightable works that are either independently created using the resources of BAG or created in Executive's role as an officer, director, or employee of BAG. Executive warrants that he will not seek and has not sought moral rights in any of the works he has created or will create solely within the scope of his relationship with Company or its Affiliates. If any of the works created solely within the scope of Executive's relationship with Company or its Affiliates cannot constitute a work made for hire under the Copyright Act, Executive hereby expressly assigns all copyrights in those works to Company.

All business ideas and concepts and all inventions, improvements, developments, innovations, ideas, and other intellectual property made or conceived by Executive solely in his capacity as an officer or employee of the Company, either solely or in collaboration with others, during the term of the Executive's employment by the Company or an Affiliate, whether or not during working hours, and relating to the business or any aspect of the business of the Company or any Affiliate or to any business or product the Company or any Affiliate is actively planning to enter or develop with Executive's direct involvement, will become and remain the exclusive property of the Company and the Company's successors and assigns except for any inventions, improvements, developments, innovations, ideas, and other intellectual property either independently developed using the resources of BAG or created in Executive's role as an officer, director, or employee of BAG. Executive will disclose promptly in writing to the Company all such Company inventions, improvements, developments, innovations, ideas, and other intellectual property, and will cooperate in confirming, protecting, and obtaining legal protection of the Company's ownership rights, except to the extent it relates to inventions, improvements, developments and other intellectual property of BAG. Executive hereby further agrees to assign to Company his entire right, title, and interest in and to all patent applications and any resulting patents, including those applied for or issued in foreign countries, that disclose and/or claim such inventions and discoveries by Executive that are the exclusive property of the Company.

Executive agrees to execute all papers and documents and, entirely at Company's expense, to communicate to Company any facts known to Executive respecting such Company inventions and discoveries, and testify in any legal proceeding, sign all lawful papers, execute all divisional, continuing, and reissue applications, and make all rightful oaths, execute all papers deemed by Company to be necessary for recording this assignment, including any confirmatory assignments, with the United States Patent and Trademark Office and any foreign patent offices, and generally perform any and all acts which are reasonably necessary and/or which Company, its Affiliates, its successors, assigns, or other legal representatives, may deem necessary to secure thereto the rights herein assigned, sold, and transferred.

In the event that Executive integrates any work that was previously created by Executive into any work created for Company or its Affiliates, Company and its Affiliates are hereby granted a worldwide, royalty-free, perpetual, irrevocable license to exploit the incorporated items, including, but not limited to, any and all copyrights, patents, designs, trade secrets, trademarks, or other intellectual property rights, in any manner that Company deems appropriate other than as it relates to intellectual property of BAG. Executive

warrants that he shall not knowingly incorporate any material into any work created for Company or its Affiliates that would infringe the intellectual property rights of any third party or that was created for or independently developed using the resources of BAG. Executive's commitments in this Section will continue in effect after termination of the Employment as to ideas, concepts, inventions, improvements and developments and other intellectual property made or conceived solely in Executive's capacity as an officer or employee of the Company before the date the Executive's employment with the Company terminates.

Executive agrees not to disclose to the Company or use, or induce the Company to use, any proprietary information, trade secret or confidential business information of any other person or entity, including any previous employer of Executive. Executive also represents that all property, proprietary information, trade secret and confidential business information belonging to any prior employer has been returned. During the performance of his duties with the Company, theCompany will not request or expect that Executive will disclose confidential or proprietary information acquired during prior employment. The Company further agrees that in the event Executive must decline to make such a disclosure to the Company, declining to make the disclosure will have no adverse consequence to Executive's employment with the Company.

For the avoidance of doubt, nothing in this Section specifically or this Agreement generally is intended to assign any physical or intangible property of BAG, including its intellectual property rights.

vii. **Non-Competition; Non-Solicitation**. During the Employment and for 12 months after the date of termination of Executive's Employment, Executive will not:

1. directly or indirectly engage in a Competitive Business;

2. be employed by, perform services for, advise or assist, own any interest in or loan or otherwise provide funds to, any other business that is engaged (or seeking Executive's services with a view to becoming engaged) in any Competitive Business; or

3. solicit or suggest, or provide assistance to anyone else in seeking to solicit or suggest, that any customer, vendor, employee, or other person or organization having or known by Executive to be contemplating a relationship with the Company or any Affiliate terminate, reduce or not initiate their relationship or contemplated relationship with the Company or such Affiliate, or enter into any similar relationship with anyone else instead of the Company or the Affiliate, except to the extent required in connection with Executive's service as an officer, director, or employee of BAG.

"**Competitive Business**" means (a) vehicle, boat and collectible insurance business (b) any other business in which the Company and its Affiliates are engaged or becomes engaged during Executive's employment with the Company. "Competitive Business" specifically excludes BAG, and this Section 10 does not prohibit or in any way limit Executive's service as an officer, director, shareholder or employee of BAG. This Section 10 does not prohibit Executive from ownership of or membership in BAG or from owning not more than two percent (2%) of any class of securities of a publicly traded entity, provided that Executive does not engage in other activity prohibited by this Section 10. Executive represents and warrants that neither the Employment nor the performance of his obligations for the Company will conflict with or violate any other contract or obligations, legal or otherwise, which Executive may have, other than his service as an officer, director, shareholder or employee of BAG.

viii. **Equitable Remedies**. Executive agrees that any breach of Sections 8, 9 or 10 of this Agreement will cause irreparable damage to the Company, that such damage will be difficult to quantify and that money damages alone will not be adequate. Accordingly,

Executive agrees that the Company, in addition to any other legal rights or remedies available to the Company on account of a breach or threatened breach of this Agreement, shall have the right to seek an injunction, specific performance or other equitable relief to prevent any actual or threatened breach, and Executive waives the defense in any equitable proceeding that there is an adequate remedy at law for such breach.

ix. **Amendment and Waiver**. No provisions of this Agreement may be amended, modified, waived or discharged unless the waiver, modification, or discharge is authorized by the Company's Chief Executive Officer and is agreed to in a written document signed by Executive and the Chief Executive Officer. No waiver by either party at any time of any breach or nonperformance of this Agreement by the other party will be deemed a waiver of any prior or subsequent breach or nonperformance.

x. **Entire Agreement**. No agreements or representations, oral or otherwise, express or implied, with respect to Executive's Employment with the Company or any of the subjects covered by this Agreement, have been made by the Company that are not set forth expressly in this Agreement, and this Agreement supersedes any pre-existing employment agreements and any other agreements on the subjects covered by this Agreement.

xi. **Dispute Resolution**.

1. **Arbitration**. The Company and Executive agree that, except as provided in Section 14(b), the sole and exclusive method for resolving any dispute between them arising out of or relating to this Agreement will be arbitration under the procedures set forth in this Section. The arbitrator will be selected pursuant to the Rules for Commercial Arbitration of the American Arbitration Association. The arbitrator will hold a hearing at which both parties may appear, with or without counsel, and present testimony, evidence and argument. Pre-hearing discovery will be allowed in the discretion of and to the extent deemed appropriate by the arbitrator, and the arbitrator will have subpoena power. The procedural rules for an arbitration hearing under this Section will be the rules of the American Arbitration Association for Commercial Arbitration hearings and any rules as the arbitrator may determine. The hearing will be completed within 90 days after the arbitrator has been selected and the arbitrator will issue a written decision within 60 days after the close of the hearing. The hearing will be held in Traverse City, Michigan. The award of the arbitrator will be final and binding and may be enforced by and certified as a judgment of the 13th Judicial Circuit Court for the State of Michigan, or any other court of competent jurisdiction. One-half of the fees and expenses of the arbitrator will be paid by the Company and one-half by Executive.

2. Section 14(a) will be inapplicable to a dispute arising out of or relating to Sections 8, 9 or 10 of this Agreement.

3. Notwithstanding anything herein, BAG does not agree to be subject to arbitration or subpoena for any dispute between Executive and Company, and if BAG is a necessary party to any arbitration between Executive and Company, then Section 14(a) will be inapplicable to such dispute.

xii. **Assignment**. This Agreement contemplates personal services by Executive, and Executive may not transfer or assign Executive's rights or obligations under this Agreement, except that Executive may designate beneficiaries for benefits as allowed by the Company's benefit programs. This Agreement may be assigned by the Company to any Affiliate or successor in interest to the Company.

xiii. **Notices.** For purposes of this Agreement, all notices and other communications required or permitted hereunder will be in writing and will be deemed to have been duly given when delivered or received by facsimile or email transmission or 5 days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to Executive:

Kenneth H. Ahn
31065 Lucerne Drive
Franklin, MI 48025

If to the Company:

The Hagerty Group, LLC
141 River's Edge Dr.
Suite 200
Traverse City, Michigan 49684

Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address will be effective only upon receipt.

xiv. **Governing Law**. The validity, interpretation, and construction of this Agreement are to be governed by Michigan law with respect to all employment related provisions and Delaware law with respect to Section 8(c), without regard of choice of law rules. The parties agree that any judicial action involving a dispute arising under this Agreement will be filed, heard and decided in either the 13th Judicial Circuit Court of the State of Michigan or the U.S. District Court for the Western District of Michigan. The parties agree that they will subject themselves to the personal jurisdiction and venue of either court, regardless of where Executive or the Company may be located at the time any action may be commenced. The parties agree that Grand Traverse County is a mutually convenient forum and that each of the parties conducts business in Grand Traverse County.

xv. **Survival.** Sections 8, 9, and 10 shall survive termination of this Agreement provided that Section 10 shall not survive in the event of a termination of this Agreement pursuant to Section 4(e).

xvi. **Counterparts**. This Agreement may be signed in original or by electronic counterparts, each of which will be deemed an original, and together the counterparts will constitute one complete document.

xvii. **Section 409A**. The parties to this Agreement intend that the Agreement be exempt from Section 409A of the Code to the fullest extent possible as providing for short-term deferrals and involuntary separation pay, and that to the extent this Agreement is not exempt from Section 409A it is intended to comply with Section 409A, where applicable, and this Agreement will be operated and interpreted in a manner consistent with those intentions.

The parties have signed this Employment Agreement as of the Effective Date in Section 1.

THE HAGERTY GROUP, LLC

/s/ Collette Champagne

By: Collette C. Champagne
Its: Chief Operating Officer

EXECUTIVE

/s/ Kenneth H. Ahn

Kenneth H. Ahn

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("**Agreement**") is made by THE HAGERTY GROUP, LLC, a Delaware limited liability company ("**Company**"), and Kenneth H. Ahn ("**Executive**"). As used in this Agreement, the term "**Affiliate**" means any entity controlling, controlled by or under common control with the Company.

RECITALS

1. The Company and Executive entered into that certain Employment Agreement dated as of December 1, 2021 ("**Existing Employment Agreement**").

2. The Company and Executive wish to amend and restate the Existing Employment Agreement as set forth herein.

In consideration of the mutual agreements, provisions and covenants contained herein, the parties agree that the Existing Employment Agreement is amended and restated as follows:

1. **Effective Date and Term**. This Agreement will take effect on January 1, 2023 ("Effective Date") and will remain in effect during the Employment (as defined in Section 2) and thereafter as to those provisions that expressly state that they will remain in effect after termination of the Employment.

2. **Employment**. Executive will serve as the Company's President of Marketplace or such other management positions with the Company or an Affiliate as Executive and the Company may agree (the "**Employment**"). Executive will perform duties consistent with those positions as assigned to Executive from time to time by the Company's Chief Executive Officer and will comply with all Company policies. The Employment will be full time and Executive's entire business time and efforts will be devoted to the Employment, except that Executive may oversee passive investments and may serve on boards of directors of non-profit organizations, and with written approval of the Company's Board of Directors may serve on boards of directors of for-profit organizations, that are not competitive with the Company or an Affiliate, provided that such activities do not impair Executive's full-time services under this Agreement or constitute a conflict of interest.

3. **Compensation**. Executive will be compensated during the Employment as follows, subject to required tax deductions and withholdings:

(a) **Salary**. Executive's salary will be $600,000 per year (or a prorated weekly amount for any partial year) subject to normal payroll deductions and will be payable in accordance with the Company's normal payroll practices. The Company may review Executive's salary annually in accordance with the Company's normal procedures and may increase (but not decrease) Executive's salary to reflect the Company's determinations of Executive's performance, Company performance, business or economic conditions, or changes in Executive's duties and responsibilities.

(b) **Annual Incentive Plan**. Beginning with the 2022 plan year, Executive will participate in the Hagerty Amended and Restated Annual Incentive Plan or any successor Company annual bonus plan ("**Annual Incentive Plan**") in accordance with the terms of the plan. The Company will continue an Annual Incentive Plan under which Executive's target incentive payment for each calendar year will be at least 75% of Executive's Salary, with any payments under the plan to be determined under the terms of the plan based on attainment of Company and individual goals as provided in the plan, and subject to Executive's continued Employment with the Company through the end of the plan year for which such incentive payment is earned.

(c) **Stock Incentive Plan**. Executive will participate in the Company's 2021 Stock Incentive Plan or any successor Company long-term bonus plan (the "**Plan**") in accordance with the terms of the Plan and the award agreements issued to Executive from the Plan. Executive will be eligible for awards under the Plan through (a) the Long-Term Incentive Plan ("**LTIP**") at 75% of Executive's Salary, where the amount of such awards will be determined under the terms of the LTIP and awarded in accordance with the Plan, and (b) through the Broad Arrow Retention Incentive Plan ("**BRIP**"), where the amount of such awards for Plan years 2024, 2025, and 2026 will be determined under the terms of the BRIP and awarded in accordance with the Plan. Notwithstanding the foregoing, Executive will not be eligible to receive awards from the LTIP for the Plan years 2024, 2025, and 2026, as awards in these years will be determined replaced by the BRIP.

(d) **Paid Time Off**. Executive will be entitled to a minimum of 4 weeks of paid time off per year, to be administered in accordance with Company policy, which is subject to change from time to time in the Company's discretion. Paid time off will be taken at such times as are consistent with the reasonable business needs of the Company.

(e) **Benefits**. Executive will be eligible to participate in fringe benefit programs covering the Company's salaried employees as a group and in any other Company benefit programs and policies applicable under Company policy to senior executives. The terms of applicable insurance policies and benefit plans in effect from time to time will govern with regard to specific issues of coverage and benefit eligibility. All benefit programs and policies are subject to change from time to time in the Company's discretion.

(f) **Business Expenses**. The Company will reimburse Executive for reasonable, ordinary and necessary business expenses that are specifically authorized or are authorized by Company policy, subject to Executive's prompt submission of proper documentation for tax and accounting purposes. Such expenses will be reimbursed within 30 days after Executive submits such documentation, but in no event later than the fifteenth day of the third month after the end of the year in which the expense is incurred.

4. **Termination of Employment Without Severance Pay**. Executive will not be entitled to any further employment-related compensation, payments or benefit coverage from the Company or any Affiliate after termination of the Executive's Employment pursuant to this Section 4, except those payments specifically identified in Section 6.

(a) **Death**. The Employment will terminate automatically upon Executive's death.

(b) **Disability**. If Executive is unable to perform Executive's duties under this Agreement due to physical or mental disability for a continuous period of 180 days or longer and Executive is eligible for benefits under the Company's long-term disability insurance policy, the Company may terminate the Employment under this Section 4(b). If the Company terminates the Employment as the result of Executive's inability to perform Executive's duties for less than 180 days due to a disability, the termination of Employment will be deemed to be pursuant to Section 5(a) below.

(c) **Termination by Company for Cause**. The Company may terminate the Employment for "**Cause**," defined as Executive's: (i) material breach of any provision of Sections 8, 9 or 10 of this Agreement; (ii) continued failure to perform or continued poor performance of duties under this Agreement after warning and reasonable opportunity to meet reasonable required performance standards; (iii) gross negligence causing or placing the Company at material risk of significant damage or harm; (iv) misappropriation of or intentional damage to Company property having a material adverse effect on the Company; (v) material fraud or dishonesty having a material adverse effect on the Company; (vi) conviction of a felony; or (vii) intentional act or omission that Executive knows is likely to have a material adverse effect on the Company, provided, however, that Cause shall not exist unless the Company has provided written notice to Executive of the grounds asserted to constitute Cause within 30 days of the Chief Executive Officer or the Board of Directors becoming aware of such grounds, Executive has failed to cure such act or omission within 15 days of such notice and Executive has been

afforded a reasonable opportunity to appear (with counsel) before the Chief Executive Officer or the Board of Directors.

If the Company becomes aware after termination of the Employment other than for Cause that Executive engaged before the termination of Employment in conduct constituting Cause, the Company may recharacterize Executive's termination as having been for Cause.

(d) **Discretionary Termination by Executive**. Executive may terminate the Employment at will other than for Good Reason (as defined below) with at least 30 days' advance written notice to the Company. If Executive gives such notice of termination, the Company may (but need not) relieve Executive of some or all of Executive's responsibilities for part or all of such notice period, provided that Executive's pay and benefits are continued for the lesser of 30 days or the remaining period of the Employment.

5. **Termination With Severance Pay**. Executive will not be entitled to any further employment-related compensation, payments or benefit coverage from the Company or any Affiliate after termination of Executive's Employment pursuant to this Section 5, except for payments and benefit coverage as provided in Section 6 and Severance Pay as provided in and subject to the terms of Section 7.

(a) **Discretionary Termination by Company**. The Company may terminate the Employment at will, but if the Company does so other than as provided in Section 4 above, Executive will be entitled to Severance Pay as provided in and subject to Section 7. A termination of Executive's Employment by the Company under Section 4(c) that is determined in a proceeding under Section 14 not to be for Cause will be considered to have been a termination under this Section 5(a).

(b) **Termination by Executive for Good Reason**. Executive may terminate the Employment for "**Good Reason**" if, without Executive's written consent, (i) there is diminution in Executive's title, authority, duties or responsibilities or a change in Executive's reporting lines, (ii) Executive's salary or incentive opportunity is reduced, (iii) the Company materially breaches the Company's obligations to Executive under this Agreement. Executive may not resign for Good Reason unless (x) Executive notifies the Company's Chief Executive Officer in writing, within 30 days after Executive becomes aware of the act or omission in question, asserting that the act or omission in question constitutes Good Reason and explaining why, (y) the Company fails, within 30 days after the notification, to take all commercially reasonable actions to cure the breach, and (z) Executive resigns by written notice within 30 days after expiration of the 30 day period under Section 5(b)(ii). If Executive terminates the Employment for Good Reason, Executive will be entitled to Severance Pay as provided in and subject to Section 7.

6. **Payments Upon Termination of Employment.** Executive will not be entitled to any further employment-related compensation, payments or benefit coverage from the Company or any Affiliate after termination of the Executive's Employment, except (a) unpaid salary installments through the end of the week in which the Employment terminates, (b) any earned, unpaid incentive payments for the completed year immediately prior to the year in which Executive's Employment terminates, (c) reimbursement of unreimbursed business expenses incurred prior to termination of the Executive's Employment in accordance with the Company's reimbursement policy, (d) any vested benefits accrued before the termination of Employment under the terms of any written Company policy or benefit program, (e) rights to liability insurance coverage under any directors' and officers' (D&O) liability insurance policy or any indemnification rights that Executive may have, and (f) if the termination of Employment is pursuant to Section 5, Severance Pay to which Executive is entitled under Section 7.

7. **Severance Pay**. The Company will pay Executive the payments provided in and subject to this Section 7 ("**Severance Pay**") upon Executive's "**separation from service**," as that term is defined by Section 409A of the Internal Revenue Code (the "**Code**"), if Executive's Employment is terminated during the Term as provided in Section 5 and Executive contemporaneously or subsequently experiences a separation from service.

(a) **Amount and Duration of Severance Pay**. Subject to the other provisions of this Section 7, Severance Pay will consist of the continuation of Executive's then current base salary

for 12 months. No Severance Pay will be paid, however, until the Company's first regular pay date that occurs on or after 60 days after the date of Executive's separation from service. Any salary continuation payments to which Executive would otherwise have been entitled during those 60 days will be accumulated and paid on the Company's first regular pay date on or after 60 days after separation from service provided Executive has signed the release provided for in Section 7(b)(ii) and continued to honor the release. All Severance Pay under Section 7 that would otherwise be paid more than 60 days after termination of the Employment will be made as provided in Section 7 on the Company's normal pay dates. Payments will be less required deductions and withholdings. If Executive dies before the end of the Severance Pay period, any unpaid Severance Pay will be paid to his estate. Executive will have no duty to mitigate and the Severance Pay will not be subject to offset except as provided in 7(c).

(b) **Conditions to Severance Pay**. To be eligible for Severance Pay, Executive must meet the following conditions: (i) Executive must comply in all material respects with Executive's obligations under this Agreement that continue after termination of the Employment (subject to notice and a reasonable opportunity to cure); (ii) Executive must sign a Company-prepared release of claims by a date designated by the Company (which will be not less than 21 days nor more than 45 days after Executive's Employment is terminated and Executive is given the release document) waiving and releasing any and all claims or rights that Executive might otherwise have against the Company, any Affiliate, or any of the officers, directors, employees or agents of the Company or any Affiliate, provided that the release will not waive Executive's right to any payments due under this Section 7 or Section 6, nor will the release waive any right of Executive to liability insurance coverage under any directors' and officers' liability insurance policy or any indemnification rights that Executive may otherwise have; (iii) Executive must resign upon written request by the Company from all positions with or representing the Company or any Affiliate, including but not limited to membership on boards of directors; and (iv) Executive must, upon request by the Company, provide the Company, for a period of 90 days after termination, with consulting services (limited to no more than 8 hours per week) regarding matters within the scope of Executive's former duties. Executive will only be required to provide those services by telephone or e-mail at Executive's reasonable convenience and without substantial interference with Executive's other activities or commitments.

(c) **Disability Benefits Offset to Severance Pay**. Any Severance Pay provided under Section 7(a) will be reduced on a dollar-for-dollar basis by any payments that Executive receives pursuant to the Company's bona fide group long-term disability insurance policy and/or workers' compensation insurance policy.

8. **Loyalty and Confidentiality; Certain Property and Information**.

(a) **Loyalty and Confidentiality**. Executive will be loyal to the Company during the Employment and will forever hold in strictest confidence, and not use or disclose, any information regarding techniques, processes, developmental or experimental work, trade secrets, customer or prospect names or information, or proprietary or confidential information relating to the current or planned products, services, sales, pricing, costs, employees or business of the Company or any Affiliate, except as disclosure or use may be required in connection with Executive's work for the Company or any Affiliate or as may be compelled pursuant to court order or subpoena. Executive will also keep the terms of this Agreement confidential, except (i) as may be compelled pursuant to court order or subpoena, (ii) in proceedings to enforce or defend his rights under this Agreement or any other written agreement between Executive and the Company or any of its affiliates, (iii) in order to obtain financial or legal advice, or (iv) with immediate family members. Executive's commitment not to use or disclose information does not apply to information that becomes publicly known without any breach of this Agreement by Executive.

(b) **Certain Property and Information**. Upon termination of the Employment, Executive will promptly deliver to the Company any and all property owned or leased by the Company or any Affiliate and any and all materials and information (in whatever form) relating to the business of the Company or any Affiliate, including without limitation all Confidential

Information, trade secrets, computers, mobile and smart phones, business notes, business plans, documents, keys, credit cards and other Company-provided equipment in his possession.

9. **Ideas, Concepts, Inventions and Other Intellectual Property**.

All business ideas and concepts and all inventions, improvements, developments and other intellectual property made or conceived by Executive, either solely or in collaboration with others, during the term of the Executive's employment by the Company or an Affiliate, whether or not during working hours, and relating to the business or any aspect of the business of the Company or any Affiliate or to any business or product the Company or any Affiliate is actively planning to enter or develop, will become and remain the exclusive property of the Company and the Company's successors and assigns. Executive will disclose promptly in writing to the Company all such inventions, improvements, developments and other intellectual property, and will cooperate in confirming, protecting, and obtaining legal protection of the Company's ownership rights. Executive's commitments in this Section will continue in effect after termination of the Employment as to ideas, concepts, inventions, improvements and developments and other intellectual property made or conceived in whole or in part before the date the Executive's employment with the Company terminates.

Executive represents and warrants that there are no ideas, concepts, inventions, improvements, developments or other intellectual property that Executive invented or conceived before becoming employed by the Company to which Executive, or any assignee of Executive, now claims title, and that would be covered by this Section if made or conceived by Employee during the term of Executive's employment by the Company or any Affiliate.

Executive agrees not to disclose to the Company or use, or induce the Company to use, any proprietary information, trade secret or confidential business information of any other person or entity, including any previous employer of Executive. Executive also represents that all property, proprietary information, trade secret and confidential business information belonging to any prior employer has been returned. During the performance of his duties with the Company, the Company will not request or expect that Executive will disclose confidential or proprietary information acquired during prior employment. The Company further agrees that in the event Executive must decline to make such a disclosure to the Company, declining to make the disclosure will have no adverse consequence to Executive's employment with the Company.

10. **Non-Competition; Non-Solicitation**. During the Employment and for 12 months after the date of termination of Executive's Employment, Executive will not:

(a) directly or indirectly engage in a Competitive Business;

(b) be employed by, perform services for, advise or assist, own any interest in or loan or otherwise provide funds to, any other business that is engaged (or seeking Executive's services with a view to becoming engaged) in any Competitive Business; or

(c) solicit or suggest, or provide assistance to anyone else in seeking to solicit or suggest, that any customer, vendor, employee, or other person or organization having or known by Executive to be contemplating a relationship with the Company or any Affiliate terminate, reduce or not initiate their relationship or contemplated relationship with the Company or such Affiliate, or enter into any similar relationship with anyone else instead of the Company or the Affiliate.

"**Competitive Business**" means (a) vehicle, boat and collectible insurance business and ancillary businesses relating to the preservation, safety and enjoyment of vehicles, boats and collectibles and (b) any other business in which the Company and its Affiliates are engaged or seeking to become engaged during Executive's employment with the Company. This Section 10 does not prohibit Executive from owning not more than two percent (2%) of any class of securities of a publicly traded entity, provided that Executive does not engage in other activity prohibited by this Section 10. Executive represents and warrants that neither the Employment nor the performance of his obligations for the Company will conflict with or violate any other contract or obligations, legal or otherwise, which Executive may have.

11. **Equitable Remedies**. Executive agrees that any breach of Sections 8, 9 or 10 of this Agreement will cause irreparable damage to the Company, that such damage will be difficult to quantify and that money damages alone will not be adequate. Accordingly, Executive agrees that the Company, in addition to any other legal rights or remedies available to the Company on account of a breach or threatened breach of this Agreement, shall have the right to seek an injunction, specific performance or other equitable relief to prevent any actual or threatened breach, and Executive waives the defense in any equitable proceeding that there is an adequate remedy at law for such breach.

12. **Amendment and Waiver**. No provisions of this Agreement may be amended, modified, waived or discharged unless the waiver, modification, or discharge is authorized by the Company's Chief Executive Officer and is agreed to in a written document signed by Executive and the Chief Executive Officer. No waiver by either party at any time of any breach or nonperformance of this Agreement by the other party will be deemed a waiver of any prior or subsequent breach or nonperformance.

13. **Entire Agreement**. No agreements or representations, oral or otherwise, express or implied, with respect to Executive's Employment with the Company or any of the subjects covered by this Agreement, have been made by the Company that are not set forth expressly in this Agreement, and this Agreement supersedes any pre-existing employment agreements and any other agreements on the subjects covered by this Agreement.

14. **Dispute Resolution**.

(a) **Arbitration**. The Company and Executive agree that, except as provided in Section 14(b), the sole and exclusive method for resolving any dispute between them arising out of or relating to this Agreement will be arbitration under the procedures set forth in this Section. The arbitrator will be selected pursuant to the Rules for Commercial Arbitration of the American Arbitration Association. The arbitrator will hold a hearing at which both parties may appear, with or without counsel, and present testimony, evidence and argument. Pre-hearing discovery will be allowed in the discretion of and to the extent deemed appropriate by the arbitrator, and the arbitrator will have subpoena power. The procedural rules for an arbitration hearing under this Section will be the rules of the American Arbitration Association for Commercial Arbitration hearings and any rules as the arbitrator may determine. The hearing will be completed within 90 days after the arbitrator has been selected and the arbitrator will issue a written decision within 60 days after the close of the hearing. The hearing will be held in Traverse City, Michigan. The award of the arbitrator will be final and binding and may be enforced by and certified as a judgment of the 13th Judicial Circuit Court for the State of Michigan, or any other court of competent jurisdiction. One-half of the fees and expenses of the arbitrator will be paid by the Company and one-half by Executive.

(b) Section 14(a) will be inapplicable to a dispute arising out of or relating to Sections 8, 9 or 10 of this Agreement.

15. **Assignment**. This Agreement contemplates personal services by Executive, and Executive may not transfer or assign Executive's rights or obligations under this Agreement, except that Executive may designate beneficiaries for benefits as allowed by the Company's benefit programs. This Agreement may be assigned by the Company to any Affiliate or successor in interest to the Company.

16. **Notices.** For purposes of this Agreement, all notices and other communications required or permitted hereunder will be in writing and will be deemed to have been duly given when delivered or received by facsimile or email transmission sent during business hours, the next business day if sent by overnight courier service for delivery during business hours or 5 days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to Executive:

Kenneth H. Ahn
31065 Lucerne Drive
Franklin, MI 48025

If to the Company:

The Hagerty Group, LLC
141 River's Edge Dr.
Suite 200
Traverse City, Michigan 49684
Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address will be effective only upon receipt.

17. **Governing Law**. The validity, interpretation, and construction of this Agreement are to be governed by Michigan law with respect to all employment related provisions and Delaware law with respect to Section 8(c), without regard of choice of law rules. The parties agree that any judicial action involving a dispute arising under this Agreement will be filed, heard and decided in either the 13th Judicial Circuit Court of the State of Michigan or the U.S. District Court for the Western District of Michigan. The parties agree that they will subject themselves to the personal jurisdiction and venue of either court, regardless of where Executive or the Company may be located at the time any action may be commenced. The parties agree that Grand Traverse County is a mutually convenient forum and that each of the parties conducts business in Grand Traverse County.

19. **Counterparts**. This Agreement may be signed in original or by electronic counterparts, each of which will be deemed an original, and together the counterparts will constitute one complete document.

20. **Section 409A**. The parties to this Agreement intend that the Agreement be exempt from Section 409A of the Code to the fullest extent possible as providing for short-term deferrals and involuntary separation pay, and that to the extent this Agreement is not exempt from Section 409A it is intended to comply with Section 409A, where applicable, and this Agreement will be operated and interpreted in a manner consistent with those intentions.

[SIGNATURE PAGE FOLLOWS]

The parties have signed this Employment Agreement as of the Effective Date in Section

THE HAGERTY GROUP, LLC

/s/ McKeel O Hagerty

By: McKeel O Hagerty

Its: Chief Executive Officer

EXECUTIVE

/s/ Kenneth H. Ahn

By: Kenneth H. Ahn

Exhibit 10.24
Execution Version

Material indicated with a "[***]" has been omitted from this exhibit because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Exhibit A - The Hagerty Group, LLC Fifth Amendment

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

December 12, 2018

among

THE HAGERTY GROUP, LLC,

THE FOREIGN SUBSIDIARY BORROWERS PARTY HERETO,

THE LENDERS PARTY HERETO

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, Sole Bookrunner and Sole Lead Arranger

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Exhibit D - Form of Foreign Subsidiary Borrower Agreement
Exhibit E - Form of Foreign Subsidiary Borrower Termination

AMENDED AND RESTATED CREDIT AGREEMENT, dated as of December 12, 2018 (this "Agreement"), among THE HAGERTY GROUP, LLC, a Delaware limited liability company, the FOREIGN SUBSIDIARY BORROWERS party hereto, the Lenders party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

RECITALS

1. The Hagerty Group, LLC, Hagerty Holding Corp., the lenders party thereto, and JPMorgan Chase Bank, N.A. entered into that certain Credit Agreement dated as of July 30, 2010 (as amended from time to time, the "Existing Credit Agreement").

2. The Hagerty Group, LLC, Hagerty Holding Corp., the lenders party thereto, and JPMorgan Chase Bank, N.A. wish to remove Hagerty Holding Corp. as a borrower under the Existing Credit Agreement and have The Hagerty Group, LLC as the sole borrower (with Hagerty Holding Corp. being removed as a party to this Agreement), and the parties hereto, and Hagerty Holding Corp. by separate agreement, wish to amend and restate the Existing Credit Agreement in its entirety as set forth herein.

In consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto (and Hagerty Holding Corp. by separate agreement) agree, subject to the fulfillment of the conditions precedent set forth in this Agreement, that the Existing Credit Agreement hereby is amended and restated in its entirety as follows:

ARTICLE 1
DEFINITIONS

SECTION 1.0a. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, is bearing interest at a rate determined by reference to the Alternate Base Rate. All ABR Loans shall be denominated in Dollars.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Company or any of its Subsidiaries (i) acquires all or substantially all of the assets of any Person or all or substantially all of the assets of a division, line of business or branch of such Person, 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 Equity Interests of a Person (including with respect to an Investment in a Subsidiary or joint venture that serves to increase the Company's or its Subsidiaries' respective ownership of Equity Interests therein).

"Adjusted Daily Simple RFR" means, (i) with respect to any RFR Borrowing denominated in Sterling, an interest rate per annum equal to (a) the Daily Simple RFR for Sterling, plus (b) 0.10%, and (ii) with respect to any RFR Borrowing denominated in Dollars, an interest rate per annum equal to the Adjusted Daily Simple SOFR; provided that if the Adjusted Daily Simple RFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Adjusted Daily Simple SOFR" means an interest rate per annum equal to (a) Daily Simple SOFR, plus (b) 0.10%; provided that if the Adjusted Daily Simple SOFR as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Adjusted EURIBOR Rate" means, with respect to any Term Benchmark Borrowing denominated in Euros for any Interest Period, an interest rate per annum equal to (a) the EURIBOR Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate; provided that if the Adjusted EURIBOR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Adjusted Term SOFR Rate" means, with respect to any Term Benchmark Borrowing denominated in Dollars for any Interest Period, an interest rate per annum equal to (a) the Term SOFR Rate for such Interest Period, plus (b) 0.10%; provided that if the Adjusted Term SOFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Administrative Agent" means JPMCB (or any of its designated branch offices or affiliates), in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the specified Person.

"Agent-Related Person" has the meaning assigned to such term in Section 9.03(d).

"Aggregate Commitments" means, at any time, the Commitments of all the Lenders in effect as of such time.

"Agreed Currencies" means Dollars and each Alternative Currency.

"Agreement" has the meaning specified in introductory paragraph hereof.

"Aldel Financial" means Aldel Financial Inc., a Delaware corporation.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1%, and (c) the Adjusted Term SOFR Rate for a one-month Interest Period as published two (2) U.S. Government Securities Business Days prior to such day (or if such day is not a U.S. Government Securities Business Day, the immediately preceding U.S. Government Securities Business Day) plus 1%, provided that, for the purpose of this definition, the Adjusted Term SOFR Rate for any day shall be based on the Term SOFR Reference Rate at approximately 5:00 a.m. Chicago time on such day (or any amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology). Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.13 (for the avoidance of doubt, only until the Benchmark Replacement has been determined pursuant to Section 2.13(b)), then the Alternate Base Rate shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

"Annual Permitted Distribution Amount" means (a) with respect to Fiscal Year ending December 31, 2020, $4,000,000 and (b) with respect to each Fiscal Year thereafter, an amount equal to the Annual Permitted Distribution Amount with respect to the immediately preceding Fiscal Year multiplied by an amount equal to one plus an amount expressed as a decimal, equal to the percentage increase, if any, of the Consumer Price Index with respect to such immediately preceding year, determined in a manner reasonably acceptable to the Administrative Agent.

"Alternative Currency" means Sterling, Euros and any additional currencies determined after the Effective Date by mutual agreement of the Company, Lenders, the Issuing Bank and Administrative Agent; provided that each such currency is a lawful currency that is readily available, freely transferable and not restricted and able to be converted into Dollars.

"Alternative Currency Sublimit" means an amount equal to the lesser of (a) $25,000,000 and (b) the total amount of the Commitments. The Alternative Currency Sublimit is part of, and not in addition to, the Commitments hereunder.

"Ancillary Document" has the meaning assigned to it in Section 9.06(b).

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Company or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Applicable Party" has the meaning assigned to it in Section 8.03(c).

"Applicable Margin" means, for any day, with respect to any ABR Loan or Term Benchmark Loan or with respect to the commitment fees payable under Section 2.11(a) or Letter of Credit fees payable under Section 2.11(b), as the case may be, the Applicable Margin per annum set forth below under the caption "Applicable Margin – ABR Loans", "Applicable Margin – Term Benchmark/RFR/Letters of Credit" or "Commitment Fee Rate", as the case may be, based upon the Net Leverage Ratio as of the most recent determination date:

Level	Net Leverage Ratio	Applicable Margin - Term Benchmark/RFR/ Letters of Credit	Commitment Fee Rate	Applicable Margin - ABR Loans
I	[***]	[***]	[***]	[***]
II	[***]	[***]	[***]	[***]
III	[***]	[***]	[***]	[***]
IV	[***]	[***]	[***]	[***]
V	[***]	[***]	[***]	[***]

The Applicable Margin shall be determined in accordance with the foregoing table based on the Net Leverage Ratio as determined in the then most recent quarterly financial statements for the first three Fiscal Quarters of each Fiscal Year and the audited year-end financial statements for the last Fiscal Quarter (in each case calculated on a trailing four quarter basis) of the Company. Adjustments, if any, to the Applicable Margin shall be effective five Business Days after the Administrative Agent is scheduled to receive the applicable financials under Section 5.01(a) or

(b) and Compliance Certificate under Section 5.01(c). Notwithstanding anything herein to the contrary, (a) the Applicable Margin may be set at Level I at the option of the Administrative Agent or at the request of the Required Lenders if an Event of Default exists, and (b) the Applicable Margin shall be set at Level I as of the Fifth Amendment Effective Date and the Applicable Margin shall be adjusted for the first time based on the financial statements for the Fiscal Quarter ending June 30, 2023.

If at any time the Administrative Agent determines that the financial statements upon which the Applicable Margin was determined were incorrect (whether based on a restatement, fraud or otherwise), or any ratio or compliance information in a compliance certificate or other certification was incorrectly calculated, relied on incorrect information or was otherwise not accurate, true or correct, (i) if the proper calculation of the Net Leverage Ratio would have resulted in higher pricing for such period, then the Borrowers shall be required to retroactively pay any additional amount that the Borrowers would have been required to pay if such financial statements, compliance certificate or other information had been accurate and/or computed correctly at the time they were delivered and (ii) if the proper calculation of the Net Leverage Ratio would have resulted in lower pricing for such period, then neither the Administrative Agent nor any Lender shall have any obligation to return any additional amounts previously received to the Borrowers; provided that if, as a result of any restatement or other event a proper calculation of the Net Leverage Ratio would have resulted in higher pricing for one or more periods and lower pricing for one or more other periods (due to the shifting of income or expenses from one period to another period or any similar reason), then the amount payable by the Borrowers pursuant to clause (i) above shall be based upon the excess, if any, of such amounts that should have been paid for all applicable periods over such amounts actually paid for all such periods.

"Applicable Parties" has the meaning assigned to such term in Section 8.03(c).

"Applicable Percentage" means, with respect to any Lender, with respect to Revolving Loans, LC Exposure or Swingline Loans, a percentage equal to a fraction the numerator of which is such Lender's Commitment and the denominator of which is the aggregate Commitment of all Lenders (if the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon such Lender's share of the aggregate Revolving Exposures at that time); provided that, in accordance with Section 2.19, so long as any Lender shall be a Defaulting Lender, such Defaulting Lender's Commitment shall be disregarded in the calculations above.

"Applicable Time" means, with respect to any Borrowings and payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by the Administrative Agent or the Issuing Bank, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

"Approved Electronic Platform" has the meaning assigned to such term in Section 8.03(a).

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Arranger" means JPMCB, in its capacity as sole bookrunner and sole lead arranger hereunder.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other

form (including electronic records generated by the use of an electronic platform) approved by the Administrative Agent in consultation with the Company.

"Available Commitment" means, at any time, an amount equal to the Commitment then in effect *minus* the Revolving Exposure of all Lenders at such time (calculated, with respect to any Defaulting Lender, as if such Defaulting Lender had funded its Applicable Percentage of all outstanding Borrowings); it being understood and agreed that any Lender's Swingline Exposure shall not be deemed to be a component of the Revolving Exposure for purposes of calculating the commitment fee under Section 2.11(a).

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Revolving Credit Maturity Date or the date that the Commitments are terminated pursuant to the terms hereof.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark for any Agreed Currency, as applicable, any tenor for such Benchmark (or component thereof) or payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining the length of an Interest Period for any term rate or otherwise, for determining any frequency of making payments of interest calculated pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (e) of Section 2.13.

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

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Banking Services" means each and any of the following bank services provided to any Borrower or any Subsidiary: (a) credit cards for commercial customers (including, without limitation, "commercial credit cards" and purchasing cards), (b) stored value cards, (c) merchant processing services, and (d) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"Banking Services Obligations" means any and all obligations of the Borrowers or their Subsidiaries with respect to any Banking Services provided by any Lender or any of its Affiliates, 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.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy", as now and hereafter in effect, or any successor statute.

"Bankruptcy Event" means, with respect to any Person, when such Person becomes the subject of a voluntary or involuntary bankruptcy or insolvency proceeding, or has had a receiver,

conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business, appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, or has had any order for relief in such proceeding entered in respect thereof, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, unless such ownership interest results in or provides such Person with immunity from the jurisdiction of courts within the U.S. or from the enforcement of judgments or writs of attachment on its assets or permits such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Benchmark" means, initially, with respect to any (i) RFR Loan in any Agreed Currency, the applicable Relevant Rate for such Agreed Currency or (ii) Term Benchmark Loan, the Relevant Rate for such Agreed Currency; *provided* that if a Benchmark Transition Event, and the related Benchmark Replacement Date have occurred with respect to the applicable Relevant Rate or the then-current Benchmark for such Agreed Currency, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (b) of Section 2.13.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date; provided that, in the case of any Loan denominated in an Alternative Currency, "Benchmark Replacement" shall mean the alternative set forth in (2) below:

(1) in the case of any Loan denominated in Dollars, the Adjusted Daily Simple SOFR;

(2) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Company as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for syndicated credit facilities denominated in the applicable Agreed Currency at such time in the United States and (b) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Company for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the

replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in the applicable Agreed Currency at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement and/or any Term Benchmark Loan denominated in Dollars, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "RFR Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Benchmark Replacement Date" means, with respect to any Benchmark the earliest to occur of the following events with respect to such then-current Benchmark:

(i)in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(ii)in the case of clause (3) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (3) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date;

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means, with respect to any Benchmark, the occurrence of one or more of the following events with respect to such then-current Benchmark:

(iii)a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(iv)a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the NYFRB, the CME Term SOFR Administrator, the central bank for the Agreed Currency applicable to such Benchmark, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(v)a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.13 and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.13.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Board of Directors" means: (1) with respect to a corporation, the board of directors of the corporation or such directors or committee serving a similar function; (2) with respect to a limited liability company, the board of managers of the company or such managers or committee serving a similar function; (3) with respect to a partnership, the Board of Directors of the general partner of the partnership; and (4) with respect to any other Person, the managers, directors, trustees, board or committee of such Person or its owners serving a similar function.

"Borrower DTTP Filing" means an HM Revenue & Customs' Form DTTP2, duly completed and filed by the relevant Borrower within the applicable time limit, which contains the

scheme reference number and jurisdiction of tax residence provided by a Lender to such Borrower and the Administrative Agent.

"Borrower Representative" has the meaning assigned to such term in Section 9.25.

"Borrowers" means the Company and the Foreign Subsidiary Borrowers.

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Term Benchmark Loans, as to which a single Interest Period is in effect and (b) a Swingline Loan.

"Borrowing Request" means a request by a Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means, any day (other than a Saturday or a Sunday) on which banks are open for business in New York City; provided that, in addition to the foregoing, a Business Day shall be (a) in relation to Loans denominated in Euros and in relation to the calculation or computation of EURIBOR, any day which is a TARGET Day, (b) in relation to RFR Loans and any interest rate settings, fundings, disbursements, settlements or payments of any such RFR Loan, or any other dealings in the applicable Agreed Currency of such RFR Loan, any such day that is only a RFR Business Day and (c) in relation to Loans referencing the Adjusted Term SOFR Rate and any interest rate settings, fundings, disbursements, settlements or payments of any such Loans referencing the Adjusted Term SOFR Rate or any other dealings of such Loans referencing the Adjusted Term SOFR Rate, any such day that is a U.S. Government Securities Business Day.

"Capital Expenditures" means, without duplication, any expenditure or commitment to expend money 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 Loan Parties prepared in accordance with GAAP.

"Capital Lease Obligations" of any Person means, subject to Section 1.04, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital or financing leases on a balance sheet of such Person under GAAP ASC 840 or 842, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"CBR Loan" means a Loan that bears interest at a rate determined by reference to the Central Bank Rate.

"CBR Spread" means the Applicable Margin applicable to such Loan that is replaced by a CBR Loan.

"Central Bank Rate" means, for any day, the greater of (I)(A) for any Loan denominated in (a) Sterling, the Bank of England (or any successor thereto)'s "Bank Rate" as published by the Bank of England (or any successor thereto) from time to time, (b) Euro, one of the following three rates as may be selected by the Administrative Agent in its reasonable discretion: (1) the fixed rate for the main refinancing operations of the European Central Bank (or any successor thereto), or, if that rate is not published, the minimum bid rate for the main refinancing operations of the European Central Bank (or any successor thereto), each as published by the European Central Bank (or any successor thereto) from time to time, (2) the rate for the marginal lending facility of the European Central Bank (or any successor thereto), as published by the European Central Bank (or any successor thereto) from time to time or (3) the rate for the deposit

facility of the central banking system of the Participating Member States, as published by the European Central Bank (or any successor thereto) from time to time, and (c) any other Alternative Currency determined after the Effective Date, a central bank rate as determined by the Administrative Agent in its reasonable discretion; plus (B) the applicable Central Bank Rate Adjustment and (II) the Floor.

"Central Bank Rate Adjustment" means, for any day, for any Loan denominated in (a) Euro, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of the Adjusted EURIBOR Rate for the five most recent Business Days preceding such day for which the EURIBOR Screen Rate was available (excluding, from such averaging, the highest and the lowest Adjusted EURIBOR Rate applicable during such period of five Business Days) minus (ii) the Central Bank Rate in respect of Euro in effect on the last Business Day in such period, (b) Sterling, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of Adjusted Daily Simple RFR for Sterling Borrowings for the five most recent RFR Business Days preceding such day for which Adjusted Daily Simple RFR for Sterling Borrowings was available (excluding, from such averaging, the highest and the lowest such Adjusted Daily Simple RFR applicable during such period of five RFR Business Days) minus (ii) the Central Bank Rate in respect of Sterling in effect on the last RFR Business Day in such period, and (c) any other Alternative Currency determined after the Effective Date, a Central Bank Rate Adjustment as determined by the Administrative Agent in its reasonable discretion. For purposes of this definition, (x) the term Central Bank Rate shall be determined disregarding clause (B) of the definition of such term and (y) the EURIBOR Rate on any day shall be based on the EURIBOR Screen Rate, on such day at approximately the time referred to in the definition of such term for deposits in the applicable Agreed Currency for a maturity of one month.

"CFC Holdco" means any direct or indirect Domestic Subsidiary, (a) substantially all of the assets of which consist of Equity Interests or indebtedness of one or more direct or indirect Foreign Subsidiaries or (b) that is treated as a disregarded entity for United States federal income tax purposes, that has no material assets other than Equity Interests or indebtedness of one or more direct or indirect Foreign Subsidiaries.

"Change in Control" means:

(1) at any time prior to a Qualified Public Offering, the Permitted Holders shall cease to own and control, directly or indirectly, more than 50% of the economic and voting Equity Interests of the Company on a fully diluted basis; or

(2) at any time after a Qualified Public Offering, any Person or "group" within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act (other than (x) any employee benefit plan of such person and its subsidiaries and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan and (y) any combination of Permitted Holders) shall have, directly or indirectly, acquired beneficial ownership of voting Equity Interests of the Company representing more than the greater of (i) 35% of the fully diluted voting rights of voting Equity Interests of the Company and (ii) the percentage of the voting rights of voting Equity Interests of the Company held by the Permitted Holders.

(3) at any time after a Qualified Public Offering, any Person or "group" within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act (other than (x) any employee benefit plan of such person and its subsidiaries and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan and (y) any combination of Permitted Holders) shall have, directly or indirectly, acquired beneficial ownership of voting Equity Interests of Aldel Financial representing more than the greater of (i) 35% of the fully diluted

voting rights of voting Equity Interests of Aldel Financial and (ii) the percentage of the voting rights of voting Equity Interests of Aldel Financial held by the Permitted Holders.

(4) Any Foreign Subsidiary Borrower shall cease to be a Wholly-Owned Subsidiary of the Company.

Notwithstanding the foregoing, (a) the consummation of the Permitted SPAC Transaction shall not result in a Change in Control and (b) the reorganization of the ownership of the Company or any other equity owner of the Company (including the insertion of any Holdco Entity) shall not constitute a Change in Control so long as, after giving effect to such reorganization, no "Change in Control" would result based on the ultimate indirect beneficial ownership of the Company.

"Change in Law" means the occurrence after the date of this Agreement of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) compliance by any Lender or the Issuing Bank (or by any lending office of such Lender or by such Lender's or the Issuing Bank's holding company, if any) with any request, guideline, requirement or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements 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, issued or implemented.

"Charge" means any loss, cost, fee, charge, expense, accrual or reserve of any kind.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

"CME Term SOFR Administrator" means CME Group Benchmark Administration Limited as administrator of the forward-looking term Secured Overnight Financing Rate (SOFR) (or a successor administrator).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all present or future real or personal property owned or leased by a Person, which property is covered by the Collateral Documents and any and all other property of any Loan Party, now existing or hereafter acquired, that may at any time be, become, or be intended to be, subject to a security interest or Lien in favor of Administrative Agent, on behalf of itself and the Lenders and other Secured Parties, to secure the Secured Obligations, other than any Excluded Property.

"Collateral Documents" means, collectively, the Security Agreements, the Mortgages and all other agreements, instruments and documents executed in connection with this Agreement at any time (either before, concurrently or after the Effective Date and including whether delivered in connection with the Existing Credit Agreement or this Agreement at any time) that are intended to create or evidence Liens to secure the Secured Obligations, including, without limitation, all other security agreements, pledge agreements, mortgages, deeds of trust, pledges, collateral assignments and financing statements.

"Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum possible aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced or increased from time to time pursuant to Section 2.08(a), (b) or (e), (b) increased from time to time pursuant to Section 2.08(e), (c) reduced or increased from time to time as set forth on the Commitment Schedule and (d) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on the Commitment Schedule, or in the Assignment and Assumption (or other documentation or record) pursuant to which such Lender shall have assumed its Commitment, as applicable. The aggregate amount of the Lenders' Commitments as of the Third Amendment Effective Date is $230,000,000.

"Commitment Schedule" means the Schedule attached hereto and identified as such.

"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.

"Communications" has the meaning assigned to such term in Section 8.03(c).

"Company" means The Hagerty Group, LLC, a Delaware limited liability company.

"Compliance Certificate" means a certificate of a Financial Officer of the Company in substantially the form of Exhibit B.

"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 EBITDA" means, with respect to any period:

(5) the Consolidated Net Income for such period, plus

(6) the sum of, in each case to the extent deducted (other than in the case of clauses (b)(vii) and (b)(viii) to the extent the items set forth therein have not been deducted from Consolidated Net Income) in the calculation of such Consolidated Net Income, but without duplication:

(a) interest expense for such period;

(b) income tax expense (including (A) penalties and interest related to any such Tax or arising from any Tax examination, (B) pursuant to any Tax sharing arrangement or as a result of any Tax distribution and (C) in respect of repatriated funds) of such Person during such period and any distributions by the Company with respect to the foregoing;

(c) depreciation expense for such period;

(d) amortization expense for such period;

(e) any other non-cash Charges for such period (but excluding any non-cash Charge in respect of an item that was included in Consolidated Net Income in a prior period and any non-cash charge that relates to the write-down or write-off of inventory);

(f) the amount of discretionary executive compensation paid to members of the Company outside the ordinary course of business not in excess of an amount to be determined and acceptable to the Administrative Agent;

(g) one-time or extraordinary, non-recurring or unusual Charges, excluding RIF/VRP/DriveShare Adjustments, but including, without limitation, in connection with (A) Permitted Acquisitions or similar Investments during such period, (B) the consolidation or closing of any facility/location during such period, (C) professional services and capital expense items, (D) expenses consisting of internal software development costs that are expensed during the period but could have been capitalized under alternative accounting policies in accordance with GAAP, and (E) Public Company Costs (collectively, "Cash Non-Recurring Charges"); provided, that the aggregate amount of Cash Non-Recurring Charges added back under this clause (vii) shall not exceed (x) $25,000,000 for any period ending on or prior to December 31, 2024, and (y) fifteen percent (15.0%) of EBITDA (calculated before giving effect to such add backs) in the aggregate for any such period thereafter;

(h) an amount equal to (A) the proceeds of business interruption insurance in an amount representing the earnings for the applicable period that such proceeds are intended to replace, (B) fees, costs and expenses to the extent reimbursable by third parties pursuant to any indemnification, insurance, reimbursement or similar agreement or arrangement and (C) other Charges reimbursable by a third party (in each case under this clause (x), whether or not received so long as such Person in good faith expects to receive the same within the next four Fiscal Quarters (it being understood that to the extent not actually received within such Fiscal Quarters, such proceeds shall be deducted in calculating Consolidated EBITDA for such Fiscal Quarters));

(i) reasonable transaction expenses incurred in connection with the Permitted SPAC Transaction in an aggregate amount not to exceed $45,000,000 that are incurred within 120 days of the Permitted SPAC Transaction Effective Date;

(j) reasonable transaction fees and expenses incurred in connection with Acquisitions, Investments, restricted payments, dispositions, consolidations, restructurings, recapitalizations, or issuances or amendments of indebtedness or equity permitted under the Loan Documents, whether or not consummated,

(k) reasonable expenses and fees paid to Administrative Agent and the Lenders in connection with the administration of the Loan Documents (including any amendment, restatement, amendment and restatement, supplement or modification thereto or waiver or consent thereunder) and similar fees and expenses paid under the definitive documentation for other Indebtedness permitted hereunder,

(l) losses from dispositions outside the ordinary course;

(m) cost savings, operating expense reductions and synergies that result from actions (including any actions related to any Permitted Acquisition, cost savings initiatives, operating improvements, restructurings, cost savings and similar initiatives) taken, with any "run rate" cost savings, in each case calculated on a "run rate" basis such that the full recurring benefit associated therewith is taken into account, net of the amount of actual amount realized in connection therewith, and including without limitation the "RIF/VRP/DriveShare Adjustments"; provided, that a Financial Officer of the Company shall have provided a reasonably detailed statement or schedule of such costs savings (the "Company Certified Cost Savings") and shall have certified to the Administrative Agent and the Lenders that (x) such cost saving are reasonably identifiable, factually

supportable and reasonably attributable to the actions specified and (y) such actions have been taken on or prior to the last day of the measurement period and are ongoing, provided, further, that the aggregate amount added back under this clause (xiii) shall not exceed fifteen percent (15.0%) of EBITDA (calculated before giving effect to such add backs), unless such 15.0% amount is exceeded solely by the amount of the RIF/VRP/DriveShare Adjustments (in which case the RIF/VRP/DriveShare Adjustments shall be permitted under this clause (xiii), but no other adjustments shall be permitted); and

(n) expenses during such period in connection with earnouts and other deferred payments in connection with any Permitted Acquisition or other Investments permitted hereunder, to the extent required to be included in the calculation of Consolidated Net Income in accordance with GAAP as an accounting adjustment to the extent that the actual amount payable or paid in respect of such earnout or other deferred payment exceeds the liability booked by the applicable Person therefor; minus

(7) the sum of, to the extent included in Consolidated Net Income and without duplication:

(a) non-cash income or non-cash gains realized other than in the ordinary course of business;

(b) the income of any Subsidiary (other than a Guarantor) to the extent that the declaration or payment of Restricted Payments or transfers or loans by such Subsidiary is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, statute, rule or governmental regulation applicable to such Subsidiary;

(c) the income of any Permitted Joint Venture, except (x) to the extent of the amount of Restricted Payments actually paid in cash to a Borrower or a Guarantor by such Permitted Joint Venture or (y) the income of any Permitted Joint Venture if a Borrower owns 60% or more of the Equity Interests thereof and has granted the Administrative Agent a first priority security interest in 60% or more of the aggregate Equity Interests of such Permitted Joint Venture (each a "Qualified Permitted Joint Venture"), provided that the portion of Consolidated EBITDA calculated under this definition for any four consecutive Fiscal Quarter period that is attributable to all Qualified Permitted Joint Ventures shall be limited to the lesser of (1) 10% of such Consolidated EBITDA or (2) $10,000,000;

(d) extraordinary, non-recurring or unusual gains;

(e) gains from dispositions outside the ordinary course, all calculated for the Company and its Subsidiaries on a consolidated basis; and

(f) the aggregate amount of the Permitted Reinsurance Subsidiary Dividend.

"Consolidated Interest Expense" means, with reference to any period, the interest expense of the Company and its Subsidiaries calculated on a consolidated basis for such period and paid in cash during the relevant period.

"Consolidated Net Income" means, with respect to the Company and its Subsidiaries on a consolidated basis for any period, the consolidated net income (or loss) of the Company and its Subsidiaries for such period, excluding:

(8) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Company or any Subsidiary;

(9) the income (or deficit) of any Person (other than a Subsidiary) in which the Company or any Subsidiary has an ownership interest, except to the extent that any such income is actually received by the Company in the form of dividends or similar distributions;

(10) the undistributed earnings of any Subsidiary (other than a Loan Party), to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary;

(11) net gains or losses in respect of any hedge arrangements and/or derivative instrument;

(12) unrealized or realized net foreign currency translation or transaction gains or losses impacting net income (including, without limitation, currency re-measurements of indebtedness or other balance sheet items, any gains or losses from hedging agreements for currency exchange risk associated with the foregoing or any other currency related risk and any gain or loss resulting from revaluation of intercompany balances (including indebtedness and other balance sheet items) and any net gains or losses from hedge agreements for currency exchange risk associated with the above or any other currency-related risk); and

(13) (i) effects of adjustments (including, without limitation, the effects of such adjustments pushed down to such Person and its Subsidiaries) in the Company's consolidated financial statements pursuant to resulting from the application of acquisition method, purchase and/or recapitalization accounting in relation to the Permitted SPAC Transaction, any consummated Permitted Acquisition or similar transaction or recapitalization accounting or the amortization or write-off of any amounts thereof including adjustments in component amounts required or permitted by GAAP (including, without limitation, in the inventory, property and equipment, software, goodwill, intangible assets, in-process research and development, deferred revenue, advanced billing and debt line items thereof) and (ii) the cumulative effect of a change in accounting principles (effected by way of either a cumulative adjustment or retroactive application) and/or any change resulting from the adoption of modification of accounting principles and/or policies in accordance with GAAP.

"Consolidated Net Indebtedness" means at any time the difference of (a) the Indebtedness of the type described in clauses (a), (b), (f), (g) (solely to the extent not reimbursed within three (3) Business Days of any drawing or funding thereunder), (h) and (l) of the definition of Indebtedness, minus (b) the lesser of (i) the aggregate amount of all Unrestricted Cash in excess of $15,000,000 or (ii) $50,000,000.

"Consumer Price Index" means the consumer price index with respect to all urban consumers within U.S. cities for all items but without seasonal adjustment, as determined and publicized by the Bureau of Labor Statistics of the United States Department of Labor (with such consumer price index bearing the label "CPI-U, US City Average, All Items: NSA" as of the First Amendment Effective Date).

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Covered Entity" means any of the following:

(a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R.§ 47.3(b); or

(c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R.§ 382.2(b).

"Covered Party" has the meaning assigned to such term in Section 9.19.

"Credit Party" means the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender.

"Cure Amount" has the meaning assigned to it in Section 7.02.

"Cure Period" has the meaning assigned to it in Section 7.02.

"Cure Right" has the meaning assigned to it in Section 7.02.

"Daily Simple RFR" means, for any day (an "RFR Interest Day"), an interest rate per annum equal to, for any RFR Loan denominated in (i) Sterling, SONIA for the day that is 5 RFR Business Days prior to (A) if such RFR Interest Day is an RFR Business Day, such RFR Interest Day or (B) if such RFR Interest Day is not an RFR Business Day, the RFR Business Day immediately preceding such RFR Interest Day, and (ii) Dollars, Daily Simple SOFR.

"Daily Simple SOFR" means, for any day (a "SOFR Rate Day"), a rate per annum equal to SOFR for the day (such day "SOFR Determination Date") that is five (5) RFR Business Days prior to (i) if such SOFR Rate Day is an RFR Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not an RFR Business Day, the RFR Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrowers.

"Default" means any event or condition which constitutes an Event of Default or which, upon notice, lapse of time or both would, unless cured, waived or remedied during such time, become an Event of Default.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, (b) has notified any Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement or generally under

other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party, or any Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations as of the date of certification) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans, under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's or such Borrower's receipt of such certification in form and substance satisfactory to it and the Administrative Agent or (d)(i) has become or has a parent company that has become the subject of a Bankruptcy Event or (ii) has become the subject of a Bail-In Action.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (in one transaction or in a series of transactions and whether effected pursuant to a Division or otherwise) of any property by any Person (including any sale and leaseback transaction and any issuance of Equity Interests by a Subsidiary of such Person (other than issuances of Equity Interests to the Company or any Subsidiary of the Company)), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Disqualified Equity Interests" means any 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 (other than for Qualified Equity Interests and cash in lieu of fractional shares of such Equity Interests), pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part (other than for Qualified Equity Interests and cash in lieu of fractional shares of such Equity Interests), in each case, prior to the date that is ninety-one (91) days after the Revolving Credit Maturity Date in effect at the time of issuance of such Equity Interest, unless, in each case, such term, event or condition is subject to the Payment in Full of the Obligations; provided, that the foregoing shall not apply to (i) a redemption, conversion or exchange into equity interests that do not themselves constitute Disqualified Equity Interests, (ii) any offer to redeem or repurchase required to be made in connection with a change of control, initial public offering, Disposition or similar event or (iii) compensatory equity awards to directors, managers, officers and employees in which shares are withheld (redeemed) upon vesting or exercise to pay applicable withholding taxes or, in the case of an option, the exercise price of the option.

"Disqualified Lender" means (a) Persons, including those that are reasonably determined by the Company to be competitors of the Company or its subsidiaries, which are specifically identified by the Company to the Administrative Agent in writing and delivered in accordance with Section 9.01 prior to the Effective Date, (b) any other Person that is reasonably determined by the Company to be a competitor of the Company or its subsidiaries and which is specifically identified in a written supplement to the list of "Disqualified Lenders", which supplement shall become effective two (2) Business Days after delivery thereof to the Administrative Agent in accordance with Section 9.01 and (c) in the case of the foregoing clauses (a) and (b), any of such entities' Affiliates to the extent such Affiliates (w) are identified in writing from time to time by the Company, (x) are reasonably identifiable as Affiliates of such Persons based solely on the similarity of such Affiliates' and such Persons' names, (y) are known to be an Affiliate of such Person, or (z) solely in the case of Affiliates with respect to clause (b), are not bona fide debt investment funds. It is understood and agreed that (i) any supplement to the list of Persons that are Disqualified Lenders contemplated by the foregoing clause (b) shall not apply retroactively to disqualify any Persons that have previously acquired an assignment or participation interest in the Loans (but solely with respect to such Loans), (ii) the Administrative Agent shall have no

responsibility or liability to determine or monitor whether any Lender or potential Lender is a Disqualified Lender and (iii) "Disqualified Lender" shall exclude any Person that the Company has designated as no longer being a "Disqualified Lender" by written notice delivered to the Administrative Agent from time to time in accordance with Section 9.01.

"Dividing Person" has the meaning assigned to such term in the definition of "Division."

"Division" means the division of the assets, liabilities and/or obligations of a Person (the "Dividing Person") among two or more Persons (whether pursuant to a "plan of division" or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

"Division Successor" means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

"Dollar Equivalent" means, for any amount, at the time of determination thereof, (a) if such amount is expressed in dollars, such amount, (b) if such amount is expressed in an Alternative Currency, the equivalent of such amount in dollars determined by using the rate of exchange for the purchase of dollars with the Alternative Currency last provided (either by publication or otherwise provided to the Administrative Agent) by Reuters on the Business Day (New York City time) immediately preceding the date of determination or if such service ceases to be available or ceases to provide a rate of exchange for the purchase of dollars with the Alternative Currency, as provided by such other publicly available information service which provides that rate of exchange at such time in place of Reuters chosen by the Administrative Agent in its sole discretion (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in dollars as determined by the Administrative Agent using any method of determination it deems appropriate in its sole discretion) and (c) if such amount is denominated in any other currency, the equivalent of such amount in dollars as determined by the Administrative Agent using any method of determination it deems appropriate in its sole discretion.

"Dollars", "dollars" or "$" refers to lawful money of the U.S.

"Domestic Subsidiary" means any Subsidiary that is not a Foreign Subsidiary.

"DQ List" has the meaning assigned to such term in Section 9.04(e)(iv).

"ECP" means an "eligible contract participant" as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means December 12, 2018.

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Electronic System" means any electronic system, including e-mail, e-fax, web portal access for the Borrowers and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent or the Issuing Bank and any of its respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

"Eligible Assignee" means any Person that meets the requirements to be an assignee or participant under Section 9.04(b).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, or the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest, but excluding any debt securities convertible into any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or Section 4001(14) of ERISA or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the failure to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the

Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Company or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal of the Company or any of its ERISA Affiliates from any Plan or Multiemployer Plan; or (g) the receipt by the Company or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, concerning the imposition upon the Company or any of its ERISA Affiliates of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA**.**

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Euro" and "€" mean the single currency of the Participating Member States.

"EURIBOR Rate" means, with respect to any Term Benchmark Borrowing denominated in Euros and for any Interest Period, the EURIBOR Screen Rate, two TARGET Days prior to the commencement of such Interest Period.

"EURIBOR Screen Rate" means the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters as published at approximately 11:00 a.m. Brussels time two TARGET Days prior to the commencement of such Interest Period. If such page or service ceases to be available, the Administrative Agent may specify another page or service displaying the relevant rate after consultation with the Company.

"Event of Default" has the meaning assigned to such term in Article VII.

"Exchange Act" means the Securities Exchange Act of 1934.

"Excluded Accounts" means:

(14) deposit accounts used exclusively for payroll, payroll taxes, tax accounts, deposit accounts holding deposits that constitute permitted liens, permitted escrow and other permitted fiduciary purposes and other employee wage and benefit payments to or for the Company's and its subsidiaries' employees;

(15) escrow accounts in the ordinary course of business;

(16) any zero balance account;

(17) any account used exclusively for funds held by any Loan Party in connection with employee stock option plans, or in trust for any director, officer or employee of the Loan Parties pursuant to any benefit plan maintained by any Loan Party (including any 401(k) or similar plans);

(18) any account used exclusively for amounts deposited in connection with any self-insurance program;

(19) any deposit account, securities account, commodities account or other account of any Loan Party to the extent solely and exclusively used to hold any cash or Permitted Investments pledged securing Liens described in Section 6.02;

(20) any account pledged to credit card processors or providers in connection with credit card processing arrangements;

(21) any other accounts with an average end of day balance less than $1,000,000 in the aggregate at any time outstanding for all such accounts; and

(22) any other account that the Administrative Agent may agree in writing is an Excluded Account.

"Excluded Property" means:

(23) governmental licenses or state or local franchises, charters and authorizations to the extent security interest is prohibited by applicable law or would result in the termination of or an event of default under any agreement, document or instrument pursuant to any "change of control" or similar provision;

(24) pledges and security interests prohibited by applicable law (after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law), other than proceeds thereof, the assignment of which is expressly deemed effective under the UCC or other applicable law notwithstanding such prohibition;

(25) any lease, license, permit or agreement to the extent that a grant of a security interest therein would violate or invalidate such lease, license, permit or agreement or create a right of termination in favor of any other party thereto or otherwise require consent thereunder (after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law), other than proceeds thereof, the assignment of which is expressly deemed effective under the UCC or other applicable law notwithstanding such prohibition;

(26) any assets to the extent a security interest in such assets could result in materially adverse tax consequences as reasonably determined by the Company and the Administrative Agent;

(27) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto;

(28) any property subject to a purchase money arrangement (including the acquisition, replacement, repair, maintenance, construction or improvement of any fixed or capital assets) or Capital Lease Obligation permitted to be incurred under the Agreement to the extent other Liens are prohibited;

(29) Excluded Accounts;

(30) any fee-owned real property which has a fair market value of less than $5,000,000 (as reasonably estimated by the Company);

(31) property the pledge or security interest in which would require governmental (including regulatory) consent, approval, licensure or authorization, unless such consent, approval, licensure or authorization has been obtained by the Loan Parties; provided, however, that it is understood and agreed that no Loan Party nor any of its subsidiaries shall be required to take any action or use any effort to obtain such consent, approval, licensure or authorization;

(32) the Equity Interests of (i) any Foreign Subsidiary or any CFC Holdco in excess of sixty-five percent (65%, or such greater percentage which will not result in an adverse tax consequence (as reasonably determined by Administrative Agent and Company)) of the aggregate Equity Interests of such Foreign Subsidiary or CFC Holdco or (ii) any Permitted Joint Venture to the extent a pledge of the Equity Interests therein is not required pursuant to the definition thereof;

(33) leasehold interests in real property;

(34) Equity Interests (A) constituting Margin Stock or (B) issued by Persons that are not wholly-owned Subsidiaries of a Loan Party or Subsidiaries;

(35) tangible property located outside of the United States that was not transferred from the United States in contemplation of circumventing the obligation to provide Collateral hereunder (except to the extent a security interest can be perfected in such tangible property by filing a financing statement in the U.S. and except as otherwise agreed by the Company with respect to assets of a Foreign Subsidiary Borrower);

(36) motor vehicles, aircraft and other assets covered by certificates of title in each instance where perfection of a security interest therein requires the taking of any action beyond the filing of a UCC financing statement in the applicable jurisdiction;

(37) any commercial tort claim with a value of less than $1,000,000 individually;

(38) other assets where the cost of obtaining a security interest therein exceeds the practical benefit to the Lenders afforded thereby, in each case, as reasonably determined by the Company and the Administrative Agent.

Notwithstanding anything herein or the Collateral Documents to the contrary, Excluded Property shall not include any Proceeds (as defined in the UCC), substitutions or replacements of any Excluded Property (unless such Proceeds, substitutions or replacements would otherwise constitute Excluded Property referred to above). In addition, notwithstanding anything in this Agreement or the other Loan Documents to the contrary, no Loan Party shall be required to take any action with respect to the creation or perfection of Liens (i) under the law of any jurisdiction outside of the United States with respect to any Collateral or (ii) to the extent the burden, difficulty, consequence or cost of creating or perfecting such Lien outweighs the benefit that would be afforded thereby as reasonably determined by the Administrative Agent in consultation with the Company (including after accounting for any adverse effects on taxes, interest deductibility, stamp duty, registration taxes and notarial costs).

"Excluded Subsidiary" means:

(39) any Subsidiary that (i) is not a wholly-owned Domestic Subsidiary of the Company or (ii) is a Foreign Subsidiary;

(40) any CFC Holdco and any Domestic Subsidiary of a Foreign Subsidiary or CFC Holdco unless making such entity a Loan Party would not reasonably be expected to cause a material adverse tax consequences, as determined in the reasonable discretion of the Company and the Administrative Agent;

(41) any Immaterial Subsidiary;

(42) any Subsidiary that is prohibited by any Requirement of Law or by any contractual obligation (with respect to any such contractual obligations, only to the extent

existing on the Effective Date or the date the applicable Person becomes a direct or indirect wholly-owned Subsidiary of a Loan Party and was not entered into in contemplation of this provision) from guaranteeing the Obligations or which would require governmental (including regulatory) consent, approval, license or authorization (including under any financial assistance, corporate benefit, thin capitalization, capital maintenance, liquidity maintenance or similar legal principles) to provide a Guarantee (unless such consent, approval, license or authorization has been received; it being understood and agreed that there will be no obligation to request, seek or obtain any such consent, approval, license or authorization);

(43) any Subsidiary that is (or, if it were a Loan Party, would be) an "investment company" under the Investment Company Act of 1940, as amended;

(44) any not-for profit Subsidiary;

(45) the Reinsurance Subsidiary; and

(46) any Subsidiary where the cost or burden (including adverse tax consequences (other than de minimis tax consequences)) of granting a Guarantee of the Obligations outweighs the benefit to the Lenders, as reasonably determined by the Administrative Agent in consultation with the Company; provided that, notwithstanding the foregoing, the Company may, at its option, appoint any Person that otherwise would be an "Excluded Subsidiary" pursuant to clauses (a) through (g) above as a Subsidiary Guarantor.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee 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 ECP at the time the Guarantee of such Guarantor or the grant of such security interest becomes or would become effective with respect to such 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 Guarantee or security interest is or becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (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 and United Kingdom withholding Taxes (excluding (x) the portion of United Kingdom withholding Taxes with respect to which the applicable Lender is entitled to claim a reduction under an income tax treaty, and (y) United Kingdom withholding Taxes on payments made by any guarantor under any guarantee of the obligations) imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan, Letter of Credit or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan, Letter of Credit or Commitment (other than pursuant to an assignment request by the Borrowers under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan, Letter of Credit or Commitment or to such Lender immediately before it changed its lending

office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(f), and (d) any withholding Taxes imposed under FATCA.

"Existing Credit Agreement" has the meaning assigned to such term in the Recitals to this Agreement.

"FATCA" means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions, as determined in such manner as shall be set forth on the NYFRB's Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate, provided that, if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the U.S.

"Fifth Amendment" means the Fifth Amendment to Amended and Restated Credit Agreement, dated as of December 30, 2022, by and among the Company, the Lenders party thereto and the Administrative Agent.

"Fifth Amendment Effective Date" has the meaning given to such term in the Fifth Amendment.

"Financial Officer" means the chief executive officer, chief financial officer, principal accounting officer, treasurer, controller or other equivalent financial officer of the Company.

"First Amendment" means the First Amendment to this Agreement.

"First Amendment Effective Date" means the date the First Amendment is effective.

"Fiscal Quarter" means each of the quarterly accounting periods of the Company, ending on March 31, June 30, September 30 and December 31 of each year.

"Fiscal Year" means each annual accounting period of the Company ending on December 31 of each year.

"Fixed Charge Coverage Ratio" means, the ratio, as determined as of the end of each Fiscal Quarter of the Company, of (a) Consolidated EBITDA *minus* Maintenance Capital Expenditures to (b) Fixed Charges, all as calculated for the most recently ended four Fiscal Quarters of the Company and its Subsidiaries on a consolidated basis.

"Fixed Charges" means, the sum, as determined as of the end of each Fiscal Quarter of the Company, without duplication, of (a) scheduled principal payments on Indebtedness (other than voluntary or mandatory prepayments of such Indebtedness or payment of such Indebtedness at the maturity thereof), including without limitation Capital Lease Obligation, (b) cash Consolidated Interest Expense, (c) any expense for taxes paid in cash, and (d) cash Restricted

Payments under Section 6.06(g), (h), (i) and (k), all as calculated for the most recently ended four Fiscal Quarters of the Company and its Subsidiaries on a consolidated basis.

"Flood Laws" has the meaning assigned to such term in Section 8.10.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted Term SOFR Rate, Adjusted EURIBOR Rate, each Adjusted Daily Simple RFR or the Central Bank Rate, as applicable. As of the Fifth Amendment Effective Date, the Floor for each of Adjusted Term SOFR Rate, Adjusted EURIBOR Rate, each Adjusted Daily Simple RFR and the Central Bank Rate shall be 0.00% and the Floor with respect to the Alternate Base Rate is 1.00%.

"Foreign Lender" means (a) if a Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if a 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 such Borrower is resident for tax purposes.

"Foreign Subsidiary" means any Subsidiary that is incorporated, organized or formed under the laws of any jurisdiction other than the U.S., any State thereof or the District of Columbia.

"Foreign Subsidiary Borrower" means each Foreign Subsidiary that has been designated as a Foreign Subsidiary Borrower by the Company pursuant to Section 2.22, other than a Foreign Subsidiary Borrower that has ceased to be a Foreign Subsidiary Borrower as provided in Section 2.22.

"Foreign Subsidiary Borrower Agreement" means a Foreign Subsidiary Borrower Agreement substantially in the form of Exhibit D.

"Foreign Subsidiary Borrower Termination" means a Foreign Subsidiary Borrower Termination substantially in the form of Exhibit E.

"Fourth Amendment" means the Fourth Amendment to Amended and Restated Credit Agreement, dated as of September 29, 2022, by and among the Company, the Lenders party thereto and the Administrative Agent.

"Fourth Amendment Effective Date" has the meaning given to such term in the Fourth Amendment.

"GAAP" means generally accepted accounting principles in the U.S.

"Governmental Authority" means the government of the U.S., any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" means that certain Amended and Restated Guaranty Agreement (including any and all supplements thereto), dated as of the Third Amendment Effective Date, among the Guarantors and the Administrative Agent, and any other guaranty agreements from any Guarantor as are requested by the Administrative Agent and its counsel.

"Guaranty Obligations" means, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any

Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (i) to purchase any such Indebtedness or any property constituting security therefor, (ii) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (iii) to lease or purchase assets, securities or services primarily for the purpose of assuring the holder of such Indebtedness against loss in respect thereof, or (iv) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantor" means the Company and each existing and future Subsidiary required to be a Guarantor under Section 5.09, but excluding any Excluded Subsidiary.

"Hazardous Materials" means: (a) any substance, material, or waste that is included within the definitions of "hazardous substances," "hazardous materials," "hazardous waste," "toxic substances," "toxic materials," "toxic waste," or words of similar import in any Environmental Law; (b) those substances listed as hazardous substances by the United States Department of Transportation (or any successor agency) (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) (40 C.F.R. Part 302 and amendments thereto); and (c) any substance, material, or waste that is petroleum, or a petroleum by-product, asbestos or asbestos-containing material, polychlorinated biphenyls, flammable, explosive, radioactive, freon gas, radon, or a pesticide, herbicide, or any other agricultural chemical.

"HMRC DT Treaty Passport scheme" means the Board of H.M. Revenue and Customs Double Taxation Treaty Passport scheme.

"Holdco Entity" means each direct or indirect parent (or co-parent) of the Company (including the Permitted SPAC).

"Immaterial Subsidiary" means a Subsidiary of the Company for which (a) the assets of such Subsidiary (after giving effect to intercompany eliminations) constitute less than or equal to ten percent (10%) of the total assets of the Loan Parties on a consolidated basis and collectively with all Immaterial Subsidiaries, less than or equal to ten percent (10%) of the total assets of the Loan Parties on a consolidated basis, and (b) the revenues of such Subsidiary (after giving effect to intercompany eliminations) account for less than or equal to ten percent (10%) of the total

revenues of the Loan Parties on a consolidated basis and collectively with all Immaterial Subsidiaries, less than or equal to ten percent (10%) of the total revenues of the Loan Parties on a consolidated basis.

"Indebtedness" of any Person means, without duplication, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person in respect of the deferred purchase price of property or services (other than (1) trade payables, accrued expenses, accruals for payroll or similar expenses and accrued expenses of such Person's business operations (including on an intercompany basis), (2) purchase price holdbacks in respect of the portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller or to satisfy any liabilities, (3) any earnout obligation until such obligation becomes a liability on the balance sheet (excluding the footnotes thereto) of such Person in accordance with GAAP, (4) any such obligations under ERISA, (5) prepaid and deferred revenue arising in the ordinary course of business, (6) purchase price and working capital adjustments (other than earn-outs or similar deferred consideration described above in clause (3)) and (7) customer deposits and prepaid items), (d) all Indebtedness of others secured by any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, provided that if such Person has not assumed such Indebtedness, then the amount of Indebtedness of such Person shall be equal to the lesser of the amount of the Indebtedness secured by such assets and the fair market value of the assets of such Person that secure such Indebtedness as reasonably determined by the Company, (e) all Guarantees by such Person of Indebtedness of others, (f) all Capital Lease Obligations of such Person, (g) the maximum face amount of all standby letters of credit issued or bankers' acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), as reduced from time to time, (h) all Disqualified Equity Interests, (i) the principal balance outstanding under any synthetic lease, tax retention operating lease, accounts receivable securitization program, off-balance sheet loan or similar off-balance sheet financing product, based on the amount that would be deemed outstanding thereunder if such transaction was structured as a secured financing on balance sheet, (j) as an account party in respect of letters of credit and similar agreements (including bank guarantees), (k) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (l) obligations under any earnout which has become a liability on the balance sheet, (m) any other off-balance sheet liability, and (n) obligations, 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 Swap Agreements, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Swap Agreement transaction. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. For the avoidance of doubt, notwithstanding anything to the contrary set forth herein, (x) intercompany advances in the ordinary course in respect of operating costs (such as cash management obligations, royalty fees, "cost-plus" arrangements and/or transfer pricing) shall not constitute Indebtedness and (y) obligations which would otherwise constitute Indebtedness but which have been cash collateralized or amounts for the repayment thereof placed in escrow shall not constitute Indebtedness to the extent of such cash collateral or escrowed amounts.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in the foregoing clause (a), Other Taxes.

"Indemnitee" has the meaning assigned to such term in Section 9.03(c).

"Ineligible Institution" has the meaning assigned to such term in Section 9.04(b).

"Information" has the meaning assigned to such term in Section 9.12.

"Interest Election Request" means a request by a Borrower to convert or continue a Borrowing in accordance with Section 2.07(c).

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December and the Revolving Credit Maturity Date, (b) with respect to any RFR Loan, (1) each date that is on the numerically corresponding day in each calendar month that is one month after the Borrowing of such Loan (or, if there is no such numerically corresponding day in such month, then the last day of such month) and (2) the Revolving Credit Maturity Date, (c) with respect to any Term Benchmark Loan, the last day of each Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Term Benchmark Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and the Revolving Credit Maturity Date and (d) with respect to any Swingline Loan, the day that such Loan is required to be repaid and the Revolving Credit Maturity Date.

"Interest Period" means with respect to any Term Benchmark Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter (in each case, subject to the availability for the Benchmark applicable to the relevant Loan or Commitment for any Agreed Currency), as a Borrower may elect; *provided*, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) no tenor that has been removed from this definition pursuant to Section 2.13(e) shall be available for specification in such Borrowing Request or Interest Election Request. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Interest Rate Charge" has the meaning assigned to such term in Section 9.15.

"Investment" has the meaning assigned to such term in Section 6.04.

"IRS" means the United States Internal Revenue Service.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"Issuing Bank" means, individually and collectively, each of JPMCB in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of

Credit to be issued by Affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"JPMCB" means JPMorgan Chase Bank, N.A., a national banking association, in its individual capacity, and its successors.

"LC Disbursement" means a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of a Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the LC Exposure at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Article 29(a) of the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (or such later version thereof as may be in effect at the applicable time) or Rule 3.13 or Rule 3.14 of the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time) or similar terms in the governing rules or laws or of the Letter of Credit itself, or if compliant documents have been presented but not yet honored, such Letter of Credit shall be deemed to be "outstanding" and "undrawn" in the amount so remaining available to be paid, and the obligations of the applicable Borrower and each Lender shall remain in full force and effect until the Issuing Bank and the Lenders shall have no further obligations to make any payments or disbursements under any circumstances with respect to any Letter of Credit.

"LC Collateral Account" has the meaning assigned to such term in Section 2.05(j).

"LCT Election" has the meaning specified in Section 1.08.

"LCT Test Date" has the meaning specified in Section 1.08.

"Lender Addition and Acknowledgement Agreement" means an agreement adding a Lender to this Agreement under Section 2.08(e) in form and substance satisfactory to the Administrative Agent.

"Lender Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Lender-Related Person" has the meaning assigned to such term in Section 9.03(b).

"Lenders" means the Persons listed on the Commitment Schedule and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption or Section 2.08, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender and the Issuing Bank.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement and the term "Letter of Credit" means any one of them or each of them singularly, as the context may require.

"Liabilities" means any losses, claims (including intraparty claims), demands, damages or liabilities of any kind.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) any preference, priority or other preferential arrangement of any kind in the nature of security.

"Limited Condition Transaction" means (a) any acquisition or Investment (whether by merger, amalgamation, consolidation or other business combination or the acquisition of the Equity Interests or otherwise) by the Company or one or more Subsidiaries permitted pursuant to this Agreement whose consummation is not conditioned on the availability of, or on obtaining, third party financing, (b) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment, and/or (c) any declaration of dividends or distributions, or redemptions with respect to any Equity Interest in the Company or any Subsidiary not prohibited by this Agreement, requiring irrevocable notice in advance thereof.

"Limited Condition Transaction Incremental Loan" has the meaning assigned to such term in Section 2.08.

"LLC Agreements" means, collectively, the operating agreement of the Company and all other agreements among the Company and/or members of the Company governing the business and operations of the Company, distributions of the Company to its members, allocations among its members and other similar matters with respect to the Company or its membership interests.

"Loan Documents" means, collectively, this Agreement, each promissory note issued pursuant to this Agreement, each Letter of Credit agreement, each Collateral Document, each Guaranty, Compliance Certificate, each Subordination Agreement, and each other agreement, instrument and document executed and delivered to, or in favor of, the Administrative Agent or any Lender and each other written matter whether heretofore, now or hereafter executed by or on behalf of any Loan Party and delivered to the Administrative Agent or any Lender in connection with this Agreement or the transactions contemplated hereby which, in each case, is designated as a "Loan Document". Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto.

"Loan Parties" means the Borrowers and the Guarantors.

"Loans" means the loans and advances made by the Lenders pursuant to this Agreement, including Swingline Loans.

"Maintenance Capital Expenditures" means all Capital Expenditures that relate solely to replacement and refurbishment of existing fixed or capital assets of any Person but not including any Capital Expenditure (a) associated with improvements or upgrades to fixed or capital assets or (b)(i) funded with Equity Interests or the proceeds of the issuance of Equity Interests that are not Disqualified Equity Interests or (ii) funded or reimbursed by a Person other than the Company or its Subsidiaries (including with the proceeds of any insurance and tenant improvements).

"Markel" means Markel Corporation, a corporation incorporated under the laws of the State of Virginia.

"Margin Stock" means margin stock within the meaning of Regulations T, U and X, as applicable.

"Master Alliance Agreement" means, collectively, the (a) Third Amended and Restated Master Alliance Agreement, dated June 20, 2019, between the Company and Markel and (b) Master Alliance Agreement, dated December 28, 2020, between the Company and State Farm Mutual Automobile Insurance Company.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, financial condition or results of operation of the Company and its Subsidiaries, taken as a whole, (b) the ability of the Company and its Subsidiaries, taken as a whole, to perform their payment obligations under any of the Loan Documents, (c) the Collateral, taken as a whole, or (d) the rights and remedies, taken as a whole, available to the Lenders under the Loan Documents.

"Material Indebtedness" means Indebtedness (other than the Secured Obligations) of any one or more of the Loan Parties in an aggregate principal amount outstanding exceeding $5,000,000. For purposes of determining Material Indebtedness, the "obligations" of the Company or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Company or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time (after giving effect to netting arrangements).

"Maximum Rate" has the meaning assigned to such term in Section 9.17.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means each mortgage, deed of trust or other agreement which conveys or evidences a Lien in favor of the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, on real property owned by a Loan Party (other than Excluded Property), whether delivered in connection with the Existing Credit Agreement or this Agreement at any time.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA. "NYFRB" means the Federal Reserve Bank of New York.

"Net Leverage Ratio" means, at any time, the ratio of (a) Consolidated Net Indebtedness at such time to (b) Consolidated EBITDA, as calculated for the four most recently ended Fiscal Quarters.

"NYFRB" means the Federal Reserve Bank of New York.

"NYFRB Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received to the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"NYFRB's Website" means the website of the NYFRB at http://www.newyorkfed.org, or any successor source.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees, expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether

allowed or allowable in such proceeding) of any of the Loan Parties to any of the Lenders, the Administrative Agent, the Issuing Bank or any Indemnitee, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred, in each case, under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or reimbursement or other obligations incurred or any of the Letters of Credit or other instruments at any time evidencing any thereof.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"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 Taxes (other than a connection 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).

"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 imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18).

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar transactions denominated in Dollars by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on the NYFRB's Website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

"Overnight Rate" means, for any day, (a) with respect to any amount denominated in Dollars, the NYFRB Rate and (b) with respect to any amount denominated in an Alternative Currency, an overnight rate determined by the Administrative Agent or the Issuing Banks, as the case may be, in accordance with banking industry rules on interbank compensation.

"Paid in Full" or "Payment in Full" means (i) the payment in full in cash of all outstanding Loans and LC Disbursements, together with accrued and unpaid interest thereon, (ii) the termination, expiration, or cancellation and return of all outstanding Letters of Credit (or alternatively, with respect to each such Letter of Credit, the furnishing to the Administrative Agent of a cash deposit, or a back-up standby letter of credit reasonably satisfactory to the Administrative Agent and the Issuing Bank, in an amount equal to 105% of the LC Exposure as of the date of such payment), (iii) the payment in full in cash of the accrued and unpaid fees, (iv) the payment in full in cash of all reimbursable expenses and other Obligations (other than Obligations that are Unliquidated Obligations for which no claim has been made and other obligations expressly stated to survive such payment and termination of this Agreement), together with accrued and unpaid interest thereon (if any) and (v) the termination of all Commitments.

"Participant" has the meaning assigned to such term in Section 9.04(c).

"Participant Register" has the meaning assigned to such term in Section 9.04(c).

"Participating Member State" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"Payment" has the meaning assigned to such term in Section 8.06(c).

"Payment Notice" has the meaning assigned to such term in Section 8.06(c).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Acquisition" means an Acquisition by any Loan Party or any Subsidiary in a transaction that satisfies each of the following requirements:

(47) such Acquisition is not a hostile or contested acquisition;

(48) the business acquired in connection with such Acquisition is not engaged, directly or indirectly, in any line of business other than the business in which any Loan Party or subsidiary is engaged on the Effective Date or any business activities that are reasonably similar, related, ancillary, complimentary or incidental thereto or a reasonable extension, development or expansion thereof; and

(49) subject to Section 1.08, both before and after giving effect to such Acquisition and the Loans (if any) requested to be made in connection therewith, each of the representations and warranties in the Loan Documents is true and correct in all material respects (except (i) any such representation or warranty which relates to a specified prior date and (ii) to the extent the Lenders have been notified in writing by the Loan Parties that any representation or warranty is not correct and the Lenders have explicitly waived in writing compliance with such representation or warranty) and no Default exists, will exist, or would result therefrom, and the Company is in compliance with the covenants set forth in Section 6.13 on a Pro Forma Basis.

(50) as soon as available, but not less than five (5) days (or such shorter period as may be agreed to by the Administrative Agent) prior to such Acquisition, the Company has provided the Administrative Agent (i) notice of such Acquisition and (ii) a copy of all business and financial information reasonably requested by the Administrative Agent, in each case, to the extent otherwise available to the Company;

(51) both before and after giving effect to such Acquisition, the Company was and will be able to borrow at least $5,000,000 of additional Loans;

(52) prior to the closing of any such Acquisition which has a value in excess of $10,000,000, the Company shall provide such pro forma financial statements and certificates and copies of the material documents being executed or delivered in connection with such Acquisition as may be reasonably requested by the Administrative Agent; and

(53) if such Acquisition is an acquisition of Equity Interests, such Acquisition will not result in any violation of Regulation U.

"Permitted Encumbrances" means:

(54) Liens imposed by law for taxes, fees, assessments or other governmental charges or levies that are (i) not required to be paid under Section 5.04 or (ii) being contested in compliance with Section 5.04;

(55) carriers', warehousemen's, mechanics', materialmen's, landlord's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that (i) are not overdue by more than forty-five (45) days or (ii) are being contested in compliance with Section 5.04;

(56) pledges or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance and other social security laws or regulations and (ii) to secure obligations in respect of letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments posted with respect to the items described in clause (i) above;

(57) deposits or pledges (i) to secure the performance of bids, tenders, licenses, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business, (ii) made in lieu of, or to secure the performance of, surety, customs, reclamation or performance bonds or (iii) to secure obligations in respect of letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments posted with respect to the items described in clauses (i) and (ii) above or described in Section 6.01(i) or 6.01(o);

(58) judgment Liens in respect of judgments and other proceedings that do not constitute an Event of Default under clause (k) of Section 7.01 and pledges or cash deposits made in lieu of, or to secure the performance of, judgment or appeal bonds in respect of such judgments and proceedings;

(59) easements, zoning restrictions, building codes, licenses, title restrictions, rights-of-way and similar encumbrances, including any restrictions, laws, ordinances, rules, regulations, orders or determinations, on real property imposed by law or incurred or granted by the Company or any Subsidiary in the ordinary course of business that do not secure any material monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company or any Subsidiary in any material respect;

(60) minor imperfections in title that do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of Company or any Subsidiary in any material respect;

(61) Liens in favor of collecting banks arising by operation of law pursuant to Article 4 of the UCC;

(62) any interest or title of a lessor or sublessor (including any mortgagee thereof) or licensor or sublicensor under any lease, sublease, license or sublicense permitted by this Agreement;

(63) Liens arising from precautionary uniform commercial code financing statements filed under any lease permitted by this Agreement;

(64) licenses, sublicenses, leases or subleases granted to third parties in the ordinary course of business not interfering with the business of the Loan Parties or any Subsidiaries taken as a whole or materially diminishing the value of the Collateral taken as a whole (and not securing obligations for the payment of borrowed money);

(65) Liens (including the right of setoff or similar rights and remedies) in favor of (i) a bank, depository institution or securities intermediary arising as a matter of law or under customary general terms and conditions encumbering deposits and other funds maintained in

deposit or securities accounts (and not securing obligations for the payment of borrowed money) and (ii) any Person providing Banking Services;

(66) Liens on any cash and Permitted Investment earnest money deposits made by the Company or any Subsidiary in connection with any letter of intent or purchase agreement entered into with respect to (i) a Permitted Acquisition or (ii) any other Investment permitted under Section 6.04; and

(67) Liens on (i) the Equity Interests of, and property owned by, any Subsidiary that is not a Loan Party securing Indebtedness and other liabilities of such Subsidiary and guarantees of the Indebtedness or other liabilities of such Person permitted hereunder and (ii) the Equity Interests of any joint venture entity in the form of a transfer restriction, purchase option, call, right of first refusal, tag and drag or similar right in connection with a joint venture.

"Permitted Holders" means:

(68) prior to a Qualified Public Offering, (i) McKeel O. Hagerty, his siblings (whether natural or adopted), their respective lineal descendants (whether natural or adopted), any of their spouses, former spouses, domestic partners or former domestic partners (collectively, the "Hagerty Family Members"), (ii) Affiliates of the Hagerty Family Members, (iii) any estate, trust, guardianship, custodianship, or other fiduciary arrangement for the primary benefit of one or more Hagerty Family Members and (iv) any Qualified Charitable Organization; and

(69) after a Qualified Public Offering, (i) the Persons set forth in clause (a) above, (ii) Markel, (iii) any Holdco Entity, or (iv) any Affiliate of any of the Persons set forth in clause (a), Markel or Holdco Entity which is Controlled by either the Persons set forth in clause (a), Markel or Holdco Entity.

"Permitted Intercompany Activities" means any transactions (A) between or among the Company and/or its subsidiaries that are entered into in the ordinary course of business of the Company and/or its subsidiaries and, in the good faith judgment of the Company are necessary or advisable in connection with the ownership or operation of the business of the Company and/or its subsidiaries, including, but not limited to, (i) payroll, cash management, purchasing, insurance and hedging arrangements, (ii) management, technology and licensing arrangements and (iii) customer loyalty and rewards programs or (B) between or among the Company, its subsidiaries and/or any captive insurance subsidiaries, in each case of this clause (B) which are provided in writing to Administrative Agent as of the Third Amendment Effective Date.

"Permitted Investments" means:

(70) direct obligations of the United States of America or any agency thereof or obligations guaranteed by the United States of America or any agency thereof, in each case with maturities not exceeding two (2) years from the date of acquisition;

(71) time deposit accounts, certificates of deposit, overnight bank deposits and money market deposits maturing within one (1) year of the date of acquisition thereof issued by a Lender that is a bank or trust company, or by any bank or trust company that is organized under the laws of the United States of America, or any state thereof having capital, surplus and undivided profits in excess of U.S. $250,000,000 or whose long-term debt, or whose parent holding company's long-term debt, is rated A (or such similar equivalent rating or higher) by at least one (1) nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(72) repurchase obligations with a term of not more than one (1) year for underlying securities of the types described in clause (a) above entered into with a Lender that is a bank, or with any bank meeting the qualifications described in clause (b) above;

(73) commercial paper, maturing not more than one (1) year after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of P-1 (or higher) according to Moody's, or A-1 (or higher) according to S&P;

(74) securities with maturities of two (2) years or less from the date of acquisition issued or fully guaranteed by any State, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least A by S&P or A-2 by Moody's;

(75) shares of mutual funds whose investment guidelines restrict 95% of such funds' investments to those satisfying the provisions of clauses (a) through (e) above;

(76) money market funds that (i) comply with the criteria set forth in Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least U.S. $250,000,000;

(77) debt securities or debt instruments with a rating of BBB- or higher by S&P or Baa3 or higher by Moody's or the equivalent of such rating by such rating organization, or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any other nationally recognized securities rating agency, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries, and (ii) investments in any fund that invests exclusively in investments of the type described in the foregoing clause (i), which fund may also hold immaterial amounts of cash pending investment or distribution; and

(78) other investments consistent with the Company's cash management and investment practices approved in writing by the Administrative Agent (such approval not to be unreasonably withheld, conditioned or delayed).

In the case of Investments by (x) any Foreign Subsidiary (but which may include Investments made indirectly by the Company or any Domestic Subsidiary), Permitted Investments shall also include investments of the type and maturity described in clauses (a) through (i) above of foreign obligors, which investments or obligors have the ratings described in such clauses or equivalent ratings from comparable foreign rating agencies and (y) the Company or any other subsidiary, other currencies, to the extent obtained by the Company or applicable subsidiary in the ordinary course of operations or for the purpose of consummating transactions otherwise permitted hereunder, and other short-term investments utilized by the Company or such subsidiary in the ordinary course of business and in accordance with normal investment practices for cash management in investments substantially similar to the foregoing investments in clauses (a) through (h) above.

"Permitted Joint Venture" means any joint venture (which may be in the form of any corporation, limited liability company or other Person) in which the Company or any of its Subsidiaries holds Equity Interests or otherwise participates or invests but does not hold all of the Equity Interests (exclusive of director holding qualifying shares in accordance with applicable law); provided, however, that (a) the investors or participants in such joint venture participate in such joint venture on substantially the same (or less favorable) terms as the Company or such Subsidiary, (b) the Administrative Agent has a valid, perfected, first priority security interest in the Equity Interests or other interests in such joint venture held by the Company or any of its

Domestic Subsidiaries except where (i) the governing documents of such joint venture prohibit such a security interest to be granted to secure the Obligations or (ii) such joint venture has incurred non-recourse Indebtedness the terms of which either (x) require security interests in such Equity Interests or other interests to be granted to secure such non-recourse Indebtedness or (y) prohibit such a security interest to be granted to the Lenders, and (c) no Loan Party shall, pursuant to such joint venture, be under any obligation to make equity investments in, make loans or advances to, incur Guaranty Obligations with respect to, or make any other investment in, that would be in violation of any provision of this Agreement as of the date of entering into such commitment.

"Permitted LLC Distributions" means, (a) for so long as the Company is a limited liability company or substantially similar pass-through entity for Federal income tax purposes, distributions in an amount up to the Tax Distribution Amounts and (b) on and after the Permitted SPAC Transactions Effective Date, distributions by the Company in respect of payments required under the Tax Receivable Agreement.

"Permitted Refinancing Indebtedness" means Refinancing Indebtedness that satisfies the Refinancing Indebtedness Requirements.

"Permitted Reinsurance Subsidiary Dividends" means, at any time, the amount of cash dividends the Reinsurance Subsidiary is legally and contractually permitted to make, without the consent of any third party of governmental entity, to a Loan Party as of such time.

"Permitted SPAC" means Aldel Financial Inc., a Delaware corporation and a special purpose acquisition company.

"Permitted SPAC Agreement" means that certain Business Combination Agreement dated August 17, 2021 by and among the Permitted SPAC, Aldel Merger Sub LLC, a Delaware limited liability company and the Company (together with all schedules, exhibits and annexes thereto).

"Permitted SPAC Transaction" means the transactions contemplated by the Permitted SPAC Transaction Documents so long as: (a) as of the Permitted SPAC Transaction Effective Date, no Specified Event of Default shall have occurred and be continuing or shall occur as a result thereof and (b) the Administrative Agent shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the USA PATRIOT Act, with respect to the Loan Parties, together with any other information reasonably requested by the Administrative Agent in writing at least ten (10) calendar days (or such shorter period as may be agreed by the Administrative Agent) prior to the proposed closing date.

"Permitted SPAC Transaction Documents" means the Permitted SPAC Agreement and the other "Transaction Documents" (as defined in the Permitted SPAC Agreement).

"Permitted SPAC Transaction Effective Date" means the date the Permitted SPAC Transaction is consummated.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Company or any ERISA Affiliate is (or, if such plan were

terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Plan Asset Regulations" means 29 CFR § 2510.3-101 et seq., as modified by Section 3(42) of ERISA, as amended from time to time.

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"Pro Forma Basis", "*pro forma*" or "pro forma effect" means, with respect to any determination for any period and any Pro Forma Transaction, that such determination shall be made by giving *pro forma* effect to such Pro Forma Transaction in the manner contemplated in the definition of Consolidated EBITDA as if such Pro Forma Transaction had occurred on the first day of the applicable four-Fiscal Quarter reference period (such *pro forma* calculations shall be determined in accordance with Section 1.09).

"Pro Forma Transaction" means (a) any Permitted Acquisition or similar Investment, (b) the Permitted SPAC Transaction, (c) any Disposition of all or substantially all of the assets or Equity Interests of any subsidiary of the Company or the disposition of any business unit, line of business or division of the Company or any subsidiary of the Company, (d) to the extent required to be given *pro forma* effect other than by Section 1.09, any incurrence or repayment of Indebtedness (other than normal fluctuations in revolving Indebtedness incurred for working capital purposes), and/or (e) any other transaction or event that by the terms of the Loan Documents specifies *pro forma* compliance with test or covenant hereunder or requires any test, covenant or other transaction or event to be calculated on a Pro Forma Basis, *pro forma* basis, *pro forma* compliance, or similar variation, in each case together with each other transaction relating or incidental thereto and consummated in connection therewith.

"Proceeding" means any claim, litigation, investigation, action, suit, arbitration or administrative, judicial or regulatory action or proceeding in any jurisdiction.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Public Company Costs" means (i) Charges associated with, or in anticipation of, or preparation for (A) any initial public offering (or any initial public offering proposed and not consummated) of any Holdco Entity and (B) compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, and (ii) Charges relating to compliance with the provisions of the Securities Act and the Exchange Act (and any similar Requirements of Law under any other applicable jurisdiction), as applicable to companies with equity or debt securities held by the public, the rules of national securities exchanges applicable to companies with listed equity or debt securities, directors', managers' and/or employees' compensation or other costs to the extent attributable to being a public company, officer and director fee and expense reimbursement to the extent attributable to being a public company, Charges relating to investor relations, shareholder meetings and reports to shareholders or debtholders associated with being a public company, directors' and officers' insurance and other legal and other professional fees, listing fees and other costs and/or expenses associated with being a public company.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning assigned to such term in Section 9.19.

"Qualified Charitable Organization" means, with respect to any Hagerty Family Member, a charitable organization that (a) is in existence as an organization or trust, gifts to which qualify for federal tax charitable deductions under all of Section 170(c) and 2055(a) of the Code and (b) to which such Hagerty Family Member transfers shares of the Company or for the sole benefit of which such Hagerty Family Member transfers shares of the Company into a trust.

"Qualified Equity Interests" means Equity Interests that are not Disqualified Equity Interests.

"Qualified Public Offering" means the issuance by the Company or any Holdco Entity thereof of its common Equity Interests in an underwritten initial public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act of 1933 (whether alone or in connection with a secondary public offering) that results in the Company or any Holdco Entity receiving net proceeds as contributions (including the Permitted SPAC Transaction).

"Recipient" means, as applicable, (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, or any combination thereof (as the context requires).

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is the Term SOFR Rate, 5:00 a.m. (Chicago time) on the day that is two U.S. Government Securities Business Days preceding the date of such setting, (2) if such Benchmark is EURIBOR Rate, 11:00 a.m. Brussels time two TARGET Days preceding the date of such setting, (3) if the RFR for such Benchmark is SONIA, then four RFR Business Days prior to such setting, (5) if the RFR for such Benchmark is Daily Simple SOFR, then four RFR Business Days prior to such setting or (6) if such Benchmark is none of the Term SOFR Rate, the EURIBOR Rate or SONIA, the time determined by the Administrative Agent in its reasonable discretion.

"Refinanced Indebtedness" means the applicable Indebtedness being exchanged, extended, renewed, replaced, redeemed, repurchased, defeased, restructured, repaid or refunded by Refinancing Indebtedness.

"Refinancing Indebtedness" means Indebtedness issued, incurred or otherwise obtained in exchange for, or to extend, renew, replace, redeem, repurchase, defease, restructuring, repay or refund (including by entering into alternative financing arrangements in respect of such exchange or replacement (in whole or in part), either by adding or replacing lenders, creditors, agents, borrowers and/or guarantors, or after the original instrument giving rise to such Indebtedness has been terminated and including, by entering into any new credit agreement, loan agreement, note purchase agreement, indenture or other agreement) any Refinanced Indebtedness, or the net proceeds of which are incurred for the purpose of extending, refinancing, renewing, replacing, redeeming, repurchasing, defeasing, restructuring, repaying or refunding such Refinanced Indebtedness (or amending or modifying such Refinanced Indebtedness to effectuate any of the foregoing).

"Refinancing Indebtedness Requirements" means, with respect to any Refinancing Indebtedness, the following requirements:

(79) such Refinancing Indebtedness is in an original aggregate principal amount not greater than the aggregate principal amount of the Refinanced Indebtedness except by an amount equal to unpaid accrued interest and premium (including tender premium), make-whole amounts or penalties thereon, defeasance costs, underwriting discounts and other reasonable amounts paid and fees, commissions and expenses (including upfront fees, original issue discount and initial yield payments) incurred in connection with the incurrence of such Refinancing Indebtedness and an amount equal to any existing commitments unutilized under such Refinanced Indebtedness and any additional Indebtedness concurrently with such Refinancing Indebtedness pursuant to a separate exception under Section 6.01;

(80) such Indebtedness shall have (i) pricing (including interest, fees and premiums), optional prepayment and redemption terms as may be agreed to by the Company and the lenders party thereto and (ii) subordination terms (if any) no less favorable in any material respect to the obligor thereunder than the subordination terms applicable to the original Indebtedness;

(81) any Liens securing such Refinancing Indebtedness are not extended to any additional property of any Loan Party or any Subsidiary (other than property subject to the Liens being refinanced or as permitted under Section 6.02 (and improvements thereon and the proceeds and products thereof));

(82) no Loan Party or any Subsidiary that is not originally obligated with respect to repayment of such Refinanced Indebtedness is required to become obligated with respect to such Refinancing Indebtedness, except to the extent otherwise permitted under Article VI; and

(83) such Refinanced Indebtedness shall be repaid, defeased or satisfied and discharged, and all accrued interest, fees and premiums (if any) in connection therewith shall be paid, on the date such Refinancing Indebtedness is issued, incurred or obtained.

"Register" has the meaning set forth in Section 9.04(b).

"Regulation D" means Regulation D of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation T" means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation U" means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation X" means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Reinsurance Subsidiary" means Hagerty Reinsurance Limited, a Bermuda Class 3A Reinsurance Company and a wholly-owned Subsidiary of the Company.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, partners, members, trustees, employees, agents, administrators, managers, representatives and advisors of such Person and such Person's Affiliates.

"Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, disposing, or dumping of any Hazardous Material into the environment.

"Relevant Governmental Body" means (i) with respect to a Benchmark Replacement in respect of Loans denominated in Dollars, the Federal Reserve Board and/or the NYFRB, or a committee officially endorsed or convened by the Federal Reserve Board and/or the NYFRB or, in each case, any successor thereto, (ii) with respect to a Benchmark Replacement in respect of Loans denominated in Sterling, the Bank of England, or a committee officially endorsed or convened by the Bank of England or, in each case, any successor thereto, (iii) with respect to a Benchmark Replacement in respect of Loans denominated in Euros, the European Central Bank, or a committee officially endorsed or convened by the European Central Bank or, in each case, any successor thereto, and (iv) with respect to a Benchmark Replacement in respect of Loans denominated in any other currency, (a) the central bank for the currency in which such Benchmark Replacement is denominated or any central bank or other supervisor which is responsible for supervising either (1) such Benchmark Replacement or (2) the administrator of such Benchmark Replacement or (b) any working group or committee officially endorsed or convened by (1) the central bank for the currency in which such Benchmark Replacement is denominated, (2) any central bank or other supervisor that is responsible for supervising either (A) such Benchmark Replacement or (B) the administrator of such Benchmark Replacement, (3) a group of those central banks or other supervisors or (4) the Financial Stability Board or any part thereof.

"Relevant Rate" means (i) with respect to any Term Benchmark Borrowing denominated in Dollars, the Adjusted Term SOFR Rate, (ii) with respect to any Term Benchmark Borrowing denominated in Euros, the Adjusted EURIBOR Rate, or (iii) with respect to any Borrowing denominated in Sterling or Dollars, the applicable Adjusted Daily Simple RFR, as applicable.

"Relevant Screen Rate" means (i) with respect to any Term Benchmark Borrowing denominated in Dollars, the Term SOFR Reference Rate, or (ii) with respect to any Term Benchmark Borrowing denominated in Euros, the EURIBOR Screen Rate, as applicable.

"Report" means reports prepared by the Administrative Agent or another Person showing the results of appraisals, field examinations or audits pertaining to the Company's assets from information furnished by or on behalf of the Company, after the Administrative Agent has exercised its rights of inspection pursuant to this Agreement, which Reports may be distributed to the Lenders by the Administrative Agent subject to the terms of this Agreement.

"Required Lenders" means, at any time, Lenders having Revolving Exposure and unused Commitments representing more than 50% of the sum of the total Revolving Exposure and unused Commitments at such time; provided that, at any time there are two or more Lenders (with any Lenders that are Affiliates constituting one Lender for purposes of this definition) Required Lenders shall also require at least two Lenders.

"Requirement of Law" means, as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests (including any option, warrant or other right to acquire any such Equity Interests in the Company) in the Company or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Company.

"Reuters" means, as applicable, Thomson Reuters Corp., Refinitiv, or any successor thereto.

"Revaluation Date" shall mean (a) with respect to any Loan denominated in any Alternative Currency, each of the following: (i) the date of the Borrowing of such Loan and (ii) (A) with respect to any Term Benchmark Loan, each date of a conversion into or continuation of such Loan pursuant to the terms of this Agreement and (B) with respect to any RFR Loan, each date that is on the numerically corresponding day in each calendar month that is one month after the Borrowing of such Loan (or, if there is no such numerically corresponding day in such month, then the last day of such month); (b) with respect to any Letter of Credit denominated in an Alternative Currency, each of the following: (i) the date on which such Letter of Credit is issued, (ii) the first Business Day of each calendar month and (iii) the date of any amendment of such Letter of Credit that has the effect of increasing the face amount thereof; and (c) any additional date as the Administrative Agent may determine at any time when an Event of Default exists.

"Revolving Credit Maturity Date" means the earlier of (a) the date on which the Commitments are reduced to zero or otherwise terminated pursuant to the terms hereof or (b) the date that is five years after the Third Amendment Effective Date, provided that, if agreed to by all Lenders in their sole discretion, the Lenders may extend the Revolving Credit Maturity Date by one year on an annual basis, and if any Lender or Lenders do not agree to so extend at any time, the remaining Lenders can agree to extend the Revolving Credit Maturity Date pursuant to an amendment hereto reasonably satisfactory to all parties and providing for such extension and the payoff and elimination of such Lender or Lenders that are not agreeing to so extend the Revolving Credit Maturity Date.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Loan" means a Loan made pursuant to Section 2.01.

"RFR" means, for any RFR Loan denominated in (a) Sterling, SONIA, and (b) Dollars, Adjusted Daily Simple SOFR.

"RFR Administrator" means the SONIA Administrator or the SOFR Administrator.

"RFR Borrowing" means, as to any Borrowing, the RFR Loans comprising such Borrowing.

"RFR Business Day" means, for any Loan denominated in (a) Sterling, any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which banks are closed for general business in London, and (b) Dollars, a U.S. Government Securities Business Day.

"RFR Interest Day" has the meaning specified in the definition of "Daily Simple RFR".

"RFR Loan" means a Loan that bears interest at a rate based on the Adjusted Daily Simple RFR.

"RIF/VRP/DriveShare Adjustments" means the following amounts of run rate adjustments for the RIF and VRP in alignment with the Form 8-K filed by Hagerty Inc. with the SEC on December 1, 2022 and the 2022 Operating Loss for DriveShare, for the following periods: (i) $17,600,000 for the four Fiscal Quarter period ending December 31, 2022, (ii) $13,300,000 for the four Fiscal Quarter period ending March 31, 2023, (iii) $8,800,000 for the

four Fiscal Quarter period ending June 30, 2023, and (iv) $4,300,000 for the four Fiscal Quarter period ending September 30, 2023.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of the Fifth Amendment Effective Date, the so - called Donetsk People's Republic, the so- called Luhansk People's Republic, the Crimea Region of Ukraine, Cuba, Iran, North Korea and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or any European Union member state, His Majesty's Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

"Sanctions" means all 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 OFAC or the U.S. Department of State, or (b) to the extent applicable, the United Nations Security Council, the European Union, any European Union member state or His Majesty's Treasury of the United Kingdom or other relevant sanctions authority.

"SEC" means the Securities and Exchange Commission of the U.S.

"Secured Obligations" means, collectively, (i) the Obligations, (ii) the Banking Services Obligations, and (iii) the Swap Obligations owing to one or more Lenders or their respective Affiliates; and provided however that the definition of "Secured Obligations" shall not create any guarantee by any Guarantor of (or grant of security interest by any Guarantor to support) any Excluded Swap Obligations of such Guarantor for the purposes of determining any obligation of any Guarantor.

"Secured Parties" means (a) the Lenders, (b) the Administrative Agent, (c) each Issuing Bank, (d) each provider of Banking Services Obligations, (e) each Lender and Affiliate of such Lender in respect of Swap Obligations entered into with such Person by the Company or any Subsidiary, (f) the beneficiaries of each indemnification obligation undertaken by any Loan Party under any Loan Document, and (g) the successors and assigns of each of the foregoing.

"Security Agreement" means that certain Amended and Restated Pledge and Security Agreement (including any and all supplements thereto), dated as of the Third Amendment Effective Date, among the Loan Parties and the Administrative Agent, and any other pledge or security agreement entered into after the Third Amendment Effective Date, by any other Loan Party or any other Person (in each case, as required by this Agreement or any other Loan Document) for the benefit of the Administrative Agent and the other Secured Parties.

"SOFR" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the NYFRB (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the NYFRB's Website, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"SOFR Determination Date" has the meaning specified in the definition of "Daily Simple SOFR".

"SOFR Rate Day" has the meaning specified in the definition of "Daily Simple SOFR".

"SONIA" means, with respect to any Business Day, a rate per annum equal to the Sterling Overnight Index Average for such Business Day published by the SONIA Administrator on the SONIA Administrator's Website on the immediately succeeding Business Day.

"SONIA Administrator" means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

"SONIA Administrator's Website" means the Bank of England's website, currently at http://www.bankofengland.co.uk, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Federal Reserve Board to which the Administrative Agent is subject with respect to the Adjusted EURIBOR Rate for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D) or any other reserve ratio or analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Loans. Such reserve percentage shall include those imposed pursuant to Regulation D. Term Benchmark Loans for which the associated Benchmark is adjusted by reference to the Statutory Reserve Rate (per the related definition of such Benchmark) 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 or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Sterling" or "£" mean the lawful currency of the United Kingdom.

"Specified Event of Default" means an event with respect to a Borrower described in clause (a), (b), (h) or (i) of Section 7.01.

"Statements" has the meaning assigned to such term in Section 2.17(g).

"Subordinated Debt" means any Indebtedness and other obligations of the Loan Parties the payment and priority of which is subordinated to payment of the Secured Obligations, with customary payment blockage and other provisions, that does not have any principal payments due earlier than the date which is one-hundred and eighty (180) days after the Revolving Credit Maturity Date, and the terms and conditions of which are otherwise reasonably satisfactory to the Administrative Agent, and which are subject to a Subordination Agreement.

"Subordinated Debt Documents" means any document, agreement or instrument evidencing any Subordinated Debt or entered into in connection with any Subordinated Debt (other than any Loan Document).

"Subordination Agreements" means, collectively, all present and future subordination agreements between the Administrative Agent, the Loan Parties and the holders of any Subordinated Debt with respect to Subordinated Debt in form and substance reasonably satisfactory to the Administrative Agent.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held by the parent and/or one or more subsidiaries of the parent.

"Subsidiary" means any direct or indirect subsidiary of the Company; provided that Permitted Joint Ventures shall not be considered Subsidiaries for purposes of this Agreement, except to the extent as contemplated under clause (c)(iii) of the definition of Consolidated EBITDA.

"Supported QFC" has the meaning assigned to such term in Section 9.19.

"Swap Agreement" means any agreement with respect to any swap, forward, spot, future, credit default or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Company or the Subsidiaries shall be a Swap Agreement.

"Swap 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 (a) any and all Swap Agreements permitted hereunder with a Lender or an Affiliate of a Lender, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any Swap Agreement transaction permitted hereunder with a Lender of an Affiliate of a Lender.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lender" means JPMCB, in its capacity as lender of Swingline Loans hereunder. Any consent required of the Administrative Agent or the Issuing Bank shall be deemed to be required of the Swingline Lender and any consent given by JPMCB in its capacity as Administrative Agent or Issuing Bank shall be deemed given by JPMCB in its capacity as Swingline Lender as well.

"Swingline Loan" means a Loan made pursuant to Section 2.04.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

"TARGET Day" means any day on which TARGET2 (or, if such payment system ceases to be operative, such other payment system, if any, determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

"Tax Distribution Amount" means (i) an amount, as determined in good faith by Company, equal to aggregate federal, state, local, and non-U.S. Taxes payable by direct or indirect holders of Equity Interests in Company on the taxable income attributable to Company or any of its direct or indirect subsidiaries, assuming the applicability of the highest marginal federal, state, local and non-U.S. income Tax rates, and payable as and when such tax liability is due and payable and (ii) any aggregate federal, state, local and non-U.S. Tax obligations payable by a Holdco Entity.

"Tax Receivable Agreement" means the tax receivable agreement entered into pursuant to the Permitted SPAC Transaction Documents in substantially the form attached as Exhibit F to the Permitted SPAC Agreement or with such amendments or modifications thereto that are not materially adverse to the Lenders.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes, or any other goods and services, use or sales taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Benchmark", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted Term SOFR Rate or the Adjusted EURIBOR Rate.

"Term SOFR Determination Day" has the meaning assigned to it under the definition of Term SOFR Reference Rate.

"Term SOFR Rate" means, with respect to any Term Benchmark Borrowing denominated in Dollars and for any tenor comparable to the applicable Interest Period, the Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time, two (2) U.S. Government Securities Business Days prior to the commencement of such tenor comparable to the applicable Interest Period, as such rate is published by the CME Term SOFR Administrator.

"Term SOFR Reference Rate" means, for any day and time (such day, the "Term SOFR Determination Day"), with respect to any Term Benchmark Borrowing denominated in Dollars and for any tenor comparable to the applicable Interest Period, the rate per annum published by the CME Term SOFR Administrator and identified by the Administrative Agent as the forward-looking term rate based on SOFR. If by 5:00 pm (New York City time) on such Term SOFR Determination Day, the "Term SOFR Reference Rate" for the applicable tenor has not been published by the CME Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Rate has not occurred, then, so long as such day is otherwise a U.S. Government Securities Business Day, the Term SOFR Reference Rate for such Term SOFR Determination Day will be the Term SOFR Reference Rate as published in respect of the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate was published by the CME Term SOFR Administrator, so long as such first preceding U.S. Government Securities Business Day is not more than five (5) U.S. Government Securities Business Days prior to such Term SOFR Determination Day.

"Third Amendment" means the Third Amendment to Amended and Restated Credit Agreement, dated as of October 27, 2021, by and among the Company, the Lenders party thereto and the Administrative Agent.

"Third Amendment Effective Date" has the meaning given to such term in the Third Amendment.

"Trade Date" shall have the meaning assigned to it in Section 9.04(e).

"Transaction Costs" means all fees, premiums, expenses and other transaction costs incurred or payable by the Company or any other Subsidiary in connection with the Permitted SPAC Transaction and the transactions contemplated by the Third Amendment.

"Transactions" means the execution, delivery and performance by the Loan Parties of this Agreement and the other Loan Documents, as applicable, the borrowing of Loans and other credit extensions, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any 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 Term SOFR Rate, the Adjusted EURIBOR Rate, the Alternate Base Rate or the Adjusted Daily Simple RFR.

"UK Borrower" means any Borrower (i) that is organized or formed under the laws of the United Kingdom or (ii) payments from which under this Agreement or any other Loan Document are subject to withholding Taxes imposed by the laws of the United Kingdom.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

"UK Financial Institutions" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unliquidated Obligations" means, at any time, any Secured Obligations (or portion thereof) that are contingent in nature or unliquidated at such time, including any Secured Obligation that is: (i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it; (ii) any other obligation (including any guarantee) that is contingent in nature at such time; or (iii) an obligation to provide collateral to secure any of the foregoing types of obligations.

"Unrestricted Cash" means, at any date, 100% of the unrestricted cash owned by the Company and its Domestic Subsidiaries in which the Administrative Agent has a first priority, perfected security interest pursuant to the Collateral Documents. "Unrestricted Cash" shall not include any cash held by the Company or any of its Subsidiaries in escrow, trust or other fiduciary capacity for or on behalf of any Person or subject to any other restriction.

"U.S." means the United States of America.

"U.S. Government Securities Business Day" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Special Resolution Regime" has the meaning assigned to such term in Section 9.19.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.16(f)(ii)(B)(3).

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

"Wholly-Owned Subsidiary" means, as to any Person, a subsidiary all of the Equity Interests of which (except directors' qualifying Equity Interests) are at the time directly or indirectly owned by such Person and/or another Wholly-Owned Subsidiary of such Person.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.0b. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Term Benchmark Loan" or an "RFR Loan") or by Class and Type (e.g., a "Term Benchmark Revolving Loan" or an "RFR Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Term Benchmark Borrowing" or an "RFR Borrowing") or by Class and Type (e.g., a "Term Benchmark Revolving Borrowing" or an "RFR Revolving Borrowing").

SECTION 1.0c. 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 "law", as applied to any Person, shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law) and all judgments, orders and decrees of all Governmental Authorities, in each case applicable to such Person or its properties. The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein (including any Loan Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, amendments and restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring

thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignments set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (f) any reference in any definition to the phrase "at any time" or "for any period" shall refer to the same time or period for all calculations or determinations within such definition, and (g) 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.

SECTION 1.0d. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrowers notify the Administrative Agent that the Borrowers request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrowers that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith (which amendment shall be made without the payment of a fee, other than legal expenses required to be reimbursed by the Loan Parties pursuant to Section 9.03(a)). Notwithstanding anything in this Agreement, in any financial statements of the Company and its Subsidiaries or in GAAP to the contrary, for purposes of calculating and determining compliance with the financial covenants in Section 6.13 and determining the Applicable Margin, including defined terms used therein, the Reinsurance Subsidiary shall not be consolidated with the Company and its other Subsidiaries and the Reinsurance Subsidiary shall be excluded therefrom. Notwithstanding anything to the contrary contained in this Section 1.04 or in the definition of "Capital Lease Obligations," any change in accounting for leases pursuant to GAAP resulting from the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842) ("FAS 842"), to the extent such adoption would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on December 31, 2015, such lease shall not be considered a capital lease (whether entered into prior to the Third Amendment Effective Date or thereafter), and all calculations of any restriction, basket, covenant or carveout and deliverables (other than financial statements) under this Agreement or any other Loan Document shall be made or delivered, as applicable, in accordance therewith. Notwithstanding anything to the contrary in this Agreement, the allowance of any transaction under this Agreement upon the absence of any Specified Event of Default shall not be deemed to waive on behalf of any Credit Party or any their respective Affiliates any rights or remedies which may otherwise be available to any Credit Party or any their respective Affiliates under the Loan Documents due to any other Default hereunder.

SECTION 1.0e. Interest Rates; Benchmark Notifications. The interest rate on a Loan denominated in dollars or any Alternative Currency may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event, Section 2.13(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the

administration, submission, performance or any other matter related to any interest rate used in this Agreement, or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the existing interest rate being replaced or have the same volume or liquidity as did any existing interest rate prior to its discontinuance or unavailability. The Administrative Agent and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Agreement or any alternative, successor or alternative rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Borrowers. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to any Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

SECTION 1.0f. Letters of Credit. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the amount of such Letter of Credit available to be drawn at such time; provided that with respect to any Letter of Credit that, by its terms or the terms of any Letter of Credit agreement related thereto, provides for one or more automatic increases in the available amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum amount is available to be drawn at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Article 29(a) of the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (or such later version thereof as may be in effect at the applicable time) or Rule 3.13 or Rule 3.14 of the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time) or similar terms of the Letter of Credit itself, or if compliant documents have been presented but not yet honored, such Letter of Credit shall be deemed to be "outstanding" and "undrawn" in the amount so remaining available to be paid, and except to the extent provided for in clause (ii) of the definition of Payment in Full, the obligations of the Borrowers and each Lender shall remain in full force and effect until the Issuing Bank and the Lenders shall have no further obligations to make any payments or disbursements under any circumstances with respect to any Letter of Credit.

SECTION 1.0g. Divisions. For all purposes under the Loan Documents, in connection with any Division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Equity Interests at such time.

SECTION 1.0h. Limited Condition Transactions. In connection with any action being taken solely in connection with a Limited Condition Transaction, for purposes of:

(1) determining compliance with any provision of this Agreement (other than Section 6.13) that requires the calculation of the Net Leverage Ratio or the Fixed Charge Coverage Ratio,

(2) determining the accuracy of representations and warranties and/or whether a Default or Event of Default shall have occurred and be continuing (or any subset of Defaults or Events of Default) for all purposes other than Section 4.02 (but subject to Section 2.08), or

(3) testing availability under baskets set forth in this Agreement (including baskets measured as a percentage of Consolidated EBITDA),

the date of determination of whether any such actions and transactions are permitted hereunder shall, in each case, at the option of the Company (the Company's election to exercise such option in connection with any Limited Condition Transaction, an "LCT Election"), be deemed to be the date the definitive agreements for such Limited Condition Transaction are entered into or, in respect of any transaction described in clauses (b) and (c) of the definition of Limited Condition Transaction, delivery of irrevocable notice, declaration of dividend or similar event (the "LCT Test Date"), and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the four consecutive fiscal quarter period being used to calculate such financial ratio ending prior to the LCT Test Date, the Company could have taken such action on the relevant LCT Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with; provided that each such Limited Condition Transaction shall be consummated within one-hundred and eighty (180) days of such LCT Test Date.

For the avoidance of doubt, if the Company has made an LCT Election and any of the ratios or baskets for which compliance was determined or tested as of the LCT Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in Consolidated EBITDA of the Company or the Person subject to such Limited Condition Transaction, at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations; provided, however, if any ratios improve or baskets increase as a result of such fluctuations, such improved ratios or baskets may be utilized. If the Company has made an LCT Election for any Limited Condition Transaction, then, in connection with any subsequent calculation of the ratios (excluding, for the avoidance of doubt, any ratio contained in Section 6.13) or baskets on or following the relevant LCT Test Date and prior to the earlier of (i) the date on which such Limited Condition Transaction is consummated or (ii) the date that the definitive agreement, notice or declaration for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction (or, if applicable, the irrevocable notice, declaration of dividend or similar event is terminated or expires), any such ratio or basket shall be calculated on a Pro Forma Basis assuming such Limited Condition Transaction and other transactions in connection therewith (including the incurrence of indebtedness and the use of proceeds thereof) have been consummated.

SECTION 1.0i. Pro Forma Basis. Notwithstanding anything to the contrary contained herein, but subject to Section 1.08, all financial ratios, tests and measurements, including the Net Leverage Ratio, the Fixed Charge Coverage Ratio, or Consolidated EBITDA (including any component definitions of any of the foregoing) herein or in any Loan Document that are calculated with respect to any period during which any Pro Forma Transaction occurs shall be calculated with respect to such period and each such Pro Forma Transaction on a Pro Forma Basis. Further, if since the beginning of any such period and on or prior to the date of any required calculation of any financial ratio, test or measurement (i) any Pro Forma Transaction has occurred or (ii) any Person that subsequently became a Subsidiary or was merged, amalgamated or consolidated with or into any Subsidiary or any joint venture since the beginning of such period has consummated any Pro Forma Transaction, then, in each case, any applicable financial ratio, test or measurement shall be calculated on a Pro Forma Basis for such period as if such Pro Forma Transaction had occurred at the beginning of the applicable period.

Notwithstanding anything to the contrary contained herein or in any Loan Document, for the purposes of determining compliance with the financial covenant in Section 6.13 and calculating the Net Leverage Ratio for purposes of the definitions of "Applicable Margin" and "Commitment Fee Rate", any such adjustments shall only include events that occurred during the applicable period of determination.

j. Exchange Rates; Currency Equivalents. (a) The Administrative Agent or the Issuing Bank, as applicable, shall determine the Dollar Equivalent amounts of Term Benchmark Borrowings or RFR Borrowings or Letter of Credit extensions denominated in Alternative Currencies. Such Dollar Equivalent shall become effective as of such Revaluation Date and shall be the Dollar Equivalent of such amounts until the next Revaluation Date to occur. Except for purposes of financial statements delivered by the Company hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any Agreed Currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the Issuing Bank, as applicable.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Term Benchmark Loan or an RFR Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Loan or Letter of Credit is denominated in an Alternative Currency, such amount shall be the Dollar Equivalent of such amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent or the Issuing Bank, as the case may be.

ARTICLE 2
THE CREDITS

SECTION 1.0j. Commitments. Subject to the terms and conditions set forth herein, each Lender severally (and not jointly) agrees to make Revolving Loans in Dollars or in one or more Alternative Currencies to the Company and the Foreign Subsidiary Borrowers from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Exposure exceeding such Lender's Commitment, (ii) the total Revolving Exposures exceeding the Aggregate Commitments or (iii) the total Revolving Exposure denominated in Alternative Currencies exceeding the Alternative Currency Sublimit. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Loans.

SECTION 1.0k. Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required. Any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.04.

(1) Subject to Section 2.13, each Revolving Borrowing shall be comprised (i) in the case of Borrowings in Dollars, entirely of ABR Loans, Term Benchmark Loans or RFR Loans and (ii) in the case of Borrowings in any other Agreed Currency, entirely of Term Benchmark Loans or RFR Loans, as applicable, in each case of the same Agreed Currency, as the applicable Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan or shall bear interest at an alternate rate agreed upon by the applicable Borrower and the Swingline

Lender. All Revolving Borrowings made under the Existing Credit Agreement and existing as of the Effective Date shall continue as the same Type of Loan with the same Interest Period, if applicable, existing as of the Effective Date.

(2) At the commencement of each Interest Period for any Term Benchmark Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of the Dollar Equivalent of $50,000 and not less than the Dollar Equivalent of $250,000. At the time that each ABR Revolving Borrowing and/or RFR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of the Dollar Equivalent of $10,000 and not less than the Dollar Equivalent of $50,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e). Each Swingline Loan shall be in an amount that is not less than an amount required by the Swingline Lender from time to time. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of five (5) Term Benchmark Borrowings or RFR Borrowings outstanding.

(3) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested would end after the Revolving Credit Maturity Date.

SECTION 1.0l. Requests for Borrowings. To request a Borrowing, the applicable Borrower shall notify the Administrative Agent of such request by submitting a Borrowing Request (a)(i)(x) in the case of a Term Benchmark Borrowing denominated in Dollars, not later than 11:00 a.m., New York City time, three U.S. Government Securities Business Days before the date of the proposed Borrowing or (y) in the case of an RFR Borrowing denominated in Dollars, not later than 11:00 a.m., New York City time, five U.S. Government Securities Business Days before the date of the proposed Borrowing, (ii) in the case of a Term Benchmark Borrowing denominated in Euros, not later than 12:00 p.m., New York City time, three Business Days before the date of the proposed Borrowing, or (iii) in the case of an RFR Borrowing denominated in Sterling, not later than 11:00 a.m., New York City time, five RFR Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing; provided that any such notice of an ABR Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Each such Borrowing Request shall be irrevocable, unless such Borrowing is expressly conditioned upon the consummation of another transaction, in which case such notice may be revocable if such transaction is not consummated, and shall be signed by a Responsible Officer of the applicable Borrower. Each such Borrowing Request shall specify the following information in compliance with Section 2.02:

(a) the Borrower requesting such Borrowing, and the Agreed Currency and the aggregate amount of the requested Borrowing;

(b) the date of such Borrowing, which shall be a Business Day;

(c) whether such Borrowing is to be an ABR Borrowing or a Term Benchmark Borrowing or an RFR Borrowing, provided that RFR Borrowings denominated in Dollars shall only be available by operation of Section 2.13;

(d) in the case of a Term Benchmark Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period”; and

(e) the location and number of the applicable Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the currency of a Borrowing is specified, then the requested Revolving Borrowing shall be made in Dollars. If no election as to the Type of Revolving Borrowing is specified, then the requested Revolving Borrowing shall be an ABR Borrowing made in Dollars. If no Interest Period is specified with respect to any requested Term Benchmark Revolving Borrowing, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 1.0m. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender may, but shall have no obligation, to make Swingline Loans denominated in Dollars to any Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $3,000,000, or (ii) the total Dollar Equivalent of the Revolving Exposures exceeding the total Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the applicable Borrower may borrow, prepay and reborrow Swingline Loans. To request a Swingline Loan, the applicable Borrower shall notify the Administrative Agent of such request by telecopy or through Electronic System, if arrangements for doing so have been approved by the Administrative Agent, not later than 12:00 noon, eastern time, on the day of a proposed Swingline Loan or by such other time and by other procedures as may be agreed upon from time to time between the applicable Borrower and the Swingline Lender. Each such notice shall be irrevocable (unless such Borrowing is expressly conditioned upon the consummation of another transaction, in which case such notice may be revocable if such transaction is not consummated) and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan and whether such Swingline Loan shall be an ABR Loan if denominated in Dollars or shall bear interest at an alternate rate, if any, agreed upon by the applicable Borrower and the Swingline Lender, and each Swingline Loan shall bear interest at the ABR or at an alternate rate if agreed upon by the applicable Borrower and the Swingline Lender. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from a Borrower. The Swingline Lender shall make each Swingline Loan available to the applicable Borrower, to the extent the Swingline Lender elects to make such Swingline Loan, by means of a credit to the general deposit account of such Borrower with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the Issuing Bank) on the requested date of such Swingline Loan or by such other procedures as may be agreed upon from time to time between the Borrowers and the Swingline Lender.

(1) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., eastern time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or

termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Company of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from a Borrower (or other party on behalf of a Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the applicable Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve any Borrower of any default in the payment thereof.

(2) Upon the making of a Swingline Loan (whether before or after the occurrence of a Default), each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Swingline Lender without recourse or warranty, an undivided interest and participation in such Swingline Loan in proportion to its Applicable Percentage of the Commitment. The Swingline Lender may, at any time, require the Lenders to fund their participations. From and after the date, if any, on which any Lender is required to fund its participation in any Swingline Loan purchased hereunder, such Swingline Loan shall bear interest at the Alternate Base Rate and the Administrative Agent shall promptly distribute to such Lender, such Lender's Applicable Percentage of all payments of principal and interest and all proceeds of Collateral received by the Administrative Agent in respect of such Loan.

SECTION 1.0n. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, any Borrower may request the issuance of Letters of Credit denominated in any Agreed Currency as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by such Borrower to, or entered into by such Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. In addition, no letter of credit application or other agreement submitted by a Borrower to, or entered into by a Borrower with, the Issuing Bank relating to any Letter of Credit shall (x) contain any representations or warranties, covenants or events of default not set forth in this Agreement (and to the extent inconsistent herewith, shall be rendered null and void) and (y) all representations and warranties, covenants and events of default contained therein shall contain standards, qualifications, thresholds and exceptions for materiality or otherwise consistent with this Agreement (and, to the extent inconsistent herewith, shall be deemed to incorporate such standards, qualifications, thresholds and exceptions contained herein without action by any other party).

(1) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), a Borrower shall hand deliver or telecopy (or transmit through Electronic Systems, if arrangements for doing so have been approved by the Issuing Bank) to the

Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension, and in any event at least three Business Days prior to such requested date) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section 2.05), the amount and currency 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. If requested by the Issuing Bank, a Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit such Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the Dollar Equivalent of LC Exposure shall not exceed $25,000,000, (ii) the Dollar Equivalent of the total Revolving Exposures shall not exceed the Aggregate Commitments and (iii) the Revolving Exposure of all Lenders in all Alternative Currencies shall not exceed the Alternative Currency Sublimit. The Issuing Bank shall not be under any obligation to issue any Letter of Credit if: (i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from issuing such Letter of Credit, or any Requirement of Law relating to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the Issuing Bank in good faith deems material to it, or (ii) the issuance of such Letter of Credit would violate one or more policies of the Issuing Bank applicable to letters of credit generally.

(2) Expiration Date. Each Letter of Credit shall expire (or be subject to termination or non-renewal by notice from the applicable Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit or such later date as may be agreed to by the Issuing Bank (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Revolving Credit Maturity Date (unless cash collateralized in the manner described in Section 2.05(j)).

(3) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the applicable Borrower on the date due as provided in paragraph (e) of this Section 2.05, or of any reimbursement payment required to be refunded to the applicable Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(4) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the applicable Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 10:00 a.m., eastern time, on the date that such LC Disbursement is made, if the applicable Borrower shall have received notice of such LC Disbursement prior to 8:00 a.m., eastern time, on such date, or, if such notice has not been received by such Borrower prior to such time on such date, then not later than 10:00 a.m., eastern time, on (i) the Business Day that such Borrower receives such notice, if such notice is received prior to 8:00 a.m., eastern time, on the day of receipt, or (ii) the Business Day immediately following the day that such Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that any Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be converted into an equivalent amount of an ABR Revolving Borrowing or Swingline Loan denominated in Dollars in an amount equal to the Dollar Equivalent of such Agreed Currency, and, in each case, to the extent so financed, such Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the applicable Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from such Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from such Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from any Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve any Borrower of its obligation to reimburse such LC Disbursement.

(5) Obligations Absolute. The applicable Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section 2.05 shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) 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, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.05, constitute a legal or equitable discharge of, or provide a right of setoff against, any Borrower's obligations hereunder, or (v) any adverse change in the relevant exchange rates or in the availability of the relevant Alternative Currency to any Borrower or any Subsidiary or in the relevant currency markets generally. Neither the Administrative Agent, the Lenders nor the Issuing Bank, nor any of their Related Parties, 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 in the preceding sentence), 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, any error in translation with regard to the conversion of foreign currency or otherwise 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 any Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by each Borrower to the extent permitted by applicable law) suffered by such Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and 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 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 which 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.

(6) Disbursement Procedures. The Issuing Bank shall, within the time allowed by applicable law or the specific terms of the Letter of Credit following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the applicable Borrower by telephone (confirmed by telecopy or through Electronic System) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve any Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such LC Disbursement.

(7) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the applicable Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the applicable Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans and such interest shall be due and payable on the date when such reimbursement is due; provided that, if the applicable Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section 2.05, then Section 2.12(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section 2.05 to reimburse the Issuing Bank for such LC Disbursement shall be for the account of such Lender to the extent of such payment.

(8) Replacement of the Issuing Bank.

(a) Any Issuing Bank may be replaced at any time by written agreement among the Company, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Company shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.11(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Bank, as the context shall require. After the replacement of the Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of the Issuing Bank under this Agreement with respect

to Letters of Credit then outstanding issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit or extend or otherwise amend any existing Letter of Credit.

(b) Subject to the appointment and acceptance of a successor Issuing Bank reasonably acceptable to the Company, any Issuing Bank may resign as an Issuing Bank at any time upon thirty (30) days' prior written notice to the Administrative Agent, the Company and the Lenders, in which case, such resigning Issuing Bank shall be replaced in accordance with Section 2.05(i)(i) above.

(9) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Company receives written notice from the Administrative Agent or the Required Lenders (or Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the applicable Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders (the "LC Collateral Account"), an amount in cash equal to the LC Exposure as of such date plus accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Borrower described in clause (h) or (i) of Section 7.01. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Secured Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account and each Borrower hereby grants the Administrative Agent a security interest in the LC Collateral Account. 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 applicable Borrower's risk and expense, such deposits shall not bear interest. Interest or 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 has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the applicable Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Secured Obligations. If any Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the applicable Borrower within three (3) Business Days after all such Events of Defaults have been cured or waived.

(10) Letters of Credit Issued for Account of Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder supports any obligations of, or is for the account of, a Subsidiary, or states that a Subsidiary is the "account party," "applicant," "customer," "instructing party," or the like of or for such Letter of Credit, and without derogating from any rights of the Issuing Bank (whether arising by contract, at law, in equity or otherwise) against such Subsidiary in respect of such Letter of Credit, the applicable Borrower (i) shall reimburse, indemnify and compensate the applicable Issuing Bank hereunder for such Letter of Credit (including to reimburse any and all drawings thereunder) as if such Letter of Credit had been issued solely for the account of such Borrower and (ii) irrevocably waives any and all defenses that might otherwise be available to it as a guarantor or surety of any or all of the obligations of such Subsidiary in respect of such Letter of Credit. Each Borrower hereby acknowledges that the issuance of such Letters of Credit for its Subsidiaries inures to the benefit of such Borrower, and that such Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

SECTION 1.0o. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 11:00 a.m., eastern time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders in an amount equal to such Lender's Applicable Percentage; provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the applicable Borrower by promptly crediting the amounts so received, in like funds, to an account of the applicable Borrower maintained with, and acceptable to, the Administrative Agent and designated by the applicable Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(1) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing 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 share available on such date in accordance with paragraph (a) of this Section 2.06 and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the applicable Overnight Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of any Borrower, the interest rate applicable to ABR Loans or in the case of Alternative Currencies, in accordance with such market practice, in each case, as applicable. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

(2) Each Lender at its option may make any Loan to any Borrower by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.13, 2.14, 2.15 and 2.16 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the relevant Borrower to repay such Loan in accordance with the terms of this Agreement.

(3) Notwithstanding anything in this Agreement to the contrary, with respect to any matter under any of the Loan Documents relating to any Loan or Letter of Credit with respect to any Foreign Subsidiary Borrower, in any applicable jurisdiction, the Administrative Agent, the Issuing Bank or any Lender or any domestic or foreign branch or Affiliate of any such Lender used to make such Loans under Section 2.06(c) (a "Designated Lender") determines that any Requirement of Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Administrative Agent, the Issuing Bank or any Lender or its applicable Designated Lender to (i) perform any of its obligations hereunder or under any other Loan Document, (ii) to fund or maintain its participation in any Loan or (iii) issue, make, maintain, fund or charge interest with respect to any Loan or Letter of Credit, such Person shall promptly notify the Administrative Agent, then, upon the Administrative Agent notifying the Company, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest with respect to any such Loan or Letter of Credit shall be suspended, and to the extent required by applicable Requirement of Law, cancelled. Upon receipt of such notice, the applicable Borrower shall, (A) repay that Person's participation in the Loans or other applicable Obligations on the last day of the Interest Period for each Loan or other Obligation occurring after the Administrative Agent has notified the Company or, if earlier, the

date specified by such Person in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by applicable Law) and (B) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

SECTION 1.0p. Interest Elections. (a) Each Borrowing initially shall be of the Type and Agreed Currency specified in the applicable Borrowing Request and, in the case of a Term Benchmark Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the applicable Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Term Benchmark Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.07. A 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 the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section 2.07 shall not apply to Swingline Loan Borrowings, which may not be converted or continued.

(1) To make an election pursuant to this Section 2.07, the applicable Borrower shall notify the Administrative Agent of such election either in writing (delivered by hand or fax) by delivering an Interest Election Request signed by a Financial Officer of the applicable Borrower or through Electronic System, if arrangements for doing so have been approved by the Administrative Agent, by the time that a Borrowing Request would be required under Section 2.03 if such Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such Interest Election Request shall be irrevocable. Notwithstanding any contrary provision herein, this Section 2.07 shall not be construed to permit any Borrower to elect an Interest Period for Term Benchmark Loans that does not comply with Section 2.02(d).

(2) Each Interest Election Request (including requests submitted through Electronic System) shall specify the following information in compliance with Section 2.02:

(a) the Agreed Currency and principal amount of the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(b) the effective date of the Borrowing to be made pursuant to such Interest Election Request, which shall be a Business Day;

(c) whether the resulting Borrowing is to be an ABR Borrowing (in the case of Borrowings in Dollars), a Term Benchmark Borrowing or an RFR Borrowing; provided that RFR Borrowings denominated in Dollars shall only be available by operation of Section 2.13; and

(d) if the resulting Borrowing is a Term Benchmark Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Term Benchmark Borrowing but does not specify an Interest Period, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration.

(3) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(4) If the applicable Borrower fails to deliver a timely Interest Election Request with respect to a Term Benchmark Borrowing in Dollars prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be deemed to have an Interest Period that is one month. If the applicable Borrower fails to deliver a timely and complete Interest Election Request with respect to a Term Benchmark Borrowing in an Alternative Currency prior to the end of the Interest Period therefor, then, unless such Term Benchmark Borrowing is repaid as provided herein, such Borrower shall be deemed to have selected that such Term Benchmark Borrowing shall automatically be continued as a Term Benchmark Borrowing in its original Agreed Currency with an Interest Period of one month at the end of such Interest Period. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the applicable Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing may be converted to or continued as a Term Benchmark Borrowing and (ii) unless repaid, (x) each Term Benchmark Borrowing and each RFR Borrowing, in each case denominated in Dollars, shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto and (y) each Term Benchmark Borrowing and each RFR Borrowing, in each case denominated in an Alternative Currency, shall bear interest at the Central Bank Rate for the applicable Agreed Currency plus the CBR Spread; provided that, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Agreed Currency cannot be determined, any outstanding affected Term Benchmark Loans denominated in any Agreed Currency other than Dollars shall either be (i) converted to an ABR Borrowing denominated in Dollars (in an amount equal to the Dollar Equivalent of such Alternative Currency) at the end of the Interest Period, as applicable, therefor or (ii) prepaid at the end of the applicable Interest Period, as applicable, in full; provided that if no election is made by the applicable Borrower by the earlier of (x) the date that is three Business Days after receipt by the such Borrower of such notice and (y) the last day of the current Interest Period for the applicable Term Benchmark Loan, such Borrower shall be deemed to have elected clause (A) above.

SECTION 1.0q. Termination and Reduction of Commitments; Increase of Commitments.

(1) Unless previously terminated, all Commitments shall terminate on the Revolving Credit Maturity Date.

(2) The Company may at any time terminate the Commitments upon the Payment in Full of the Obligations.

(3) The Company may from time to time reduce the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $1,000,000 and not less than $1,000,000 and (ii) the Company shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans, the aggregate Revolving Exposure of all Lenders exceeds the total Commitments.

(4) The Company shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) or (c) of this Section 2.08 at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by

the Company pursuant to this Section 2.08 shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities or another transaction, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

(5) Subject to the conditions set forth below, the Company may, upon at least ten (10) days (or such other period of time agreed to between the Administrative Agent and the Company) prior written notice to the Administrative Agent, increase the Aggregate Commitments from time to time, either by designating a lender not theretofore a Lender to become a Lender (such designation to be effective only with the prior written consent of the Administrative Agent (such consent not to be unreasonably withheld, conditioned or delayed)) or by agreeing with an existing Lender that such Lender's Commitment shall be increased (thus increasing the Aggregate Commitments); provided that:

(a) no Event of Default shall have occurred and be continuing hereunder as of the effective date of such increase (subject, in the case of any Loans being used to finance a Limited Condition Transaction, to Section 1.08);

(b) the representations and warranties made by the Borrowers and contained in Article III shall be true and correct in all material respects on and as of the effective date of such increase (other than those representations and warranties that by their terms speak as of a particular date, which representations and warranties shall be true and correct in all material respects as of such particular date) (subject, in the case of any Loans being used to finance a Limited Condition Transaction, to Section 1.08);

(c) the amount of such increase in the Aggregate Commitments shall not be less than $5,000,000 (or such other minimum amount agreed to between the Administrative Agent and the Company), and the aggregate amount of all such increases in the Aggregate Commitments shall not exceed $50,000,000, or such other amount agreed to between the Required Lenders and Company;

(d) The Borrowers and the Lender or lender not theretofore a Lender, shall execute and deliver to the Administrative Agent, a Lender Addition and Acknowledgement Agreement, in form and substance satisfactory to the Administrative Agent and acknowledged by the Administrative Agent and each Borrower;

(e) no existing Lender shall be obligated in any way to increase its Commitment;

(f) the Administrative Agent shall have been provided with a fully executed copy of the amendment in respect of such increase; and

(g) to the extent required, the Administrative Agent shall have received legal opinions, resolutions, and other documents consistent with those delivered by the Company to the Administrative Agent on the Third Amendment Effective Date.

Upon the execution, delivery, acceptance and recording of the Lender Addition and Acknowledgement Agreement, from and after the effective date specified in a Lender Addition and Acknowledgement Agreement, such existing Lender shall have a Commitment as therein set forth or such other Lender shall become a Lender with a Commitment as therein set forth and all the rights and obligations of a Lender with such a Commitment hereunder. Upon its receipt of a

Lender Addition and Acknowledgement Agreement together with any note or notes, if requested, subject to such addition and assumption and the written consent to such addition and assumption, the Administrative Agent shall, if such Lender Addition and Acknowledgement Agreement has been completed and the other conditions described in this Section 2.08 have been satisfied: (x) accept such Lender Addition and Acknowledgement Agreement; (y) record the information contained therein in the Register; and (z) give prompt notice thereof to the Lenders and the Company and deliver to the Lenders a schedule reflecting the new Commitments. The Lenders (new or existing) shall accept an assignment from the existing Lenders, and the existing Lenders shall make an assignment to the new or existing Lender accepting a new or increased Commitment, of a direct or participation interest in each then outstanding Loans and Letter of Credit such that, after giving effect thereto, all Revolving Exposure hereunder is held ratably by the Lenders in proportion to their respective Commitments. Assignments pursuant to the preceding sentence shall be made in exchange for the principal amount assigned plus accrued and unpaid interest and facility and letter of credit fees. The Borrowers shall make any payments under Section 2.15 resulting from such assignments. Any reference in this Agreement to Aggregate Commitments means the aggregate Commitments of all Lenders.

Notwithstanding the above, with respect to any increase in the Aggregate Commitments incurred to finance a Limited Condition Transaction (each a "Limited Condition Transaction Incremental Loan"), clause (i) and (ii) of this Section 2.08(e) shall be deemed to have been satisfied so long as (A) as of the date of consummation of the Limited Condition Transaction, no Specified Event of Default shall have occurred and be continuing or would result from the consummation of such Limited Condition Transaction, (B) as of the date of the borrowing of such Limited Condition Transaction Incremental Loan, no Specified Event of Default is in existence immediately before or after giving effect (including on a Pro Forma Basis) to such borrowing and to any concurrent transactions and any substantially concurrent use of proceeds thereof, (C) the representations and warranties set forth in clause (ii) above shall be tested as of the LCT Test Date and be true and correct in all material respects on and as of such LCT Test Date (other than those representations and warranties that by their terms speak as of a particular date, which representations and warranties shall be true and correct in all material respects as of such particular date), and (D) as of the date of the borrowing of such Limited Condition Transaction Incremental Loan, customary "Sungard" representations and warranties shall be included to the extent reasonably determined by Company and the Lenders providing such Limited Condition Transaction Incremental Loan.

SECTION 1.0r. Repayment of Loans; Evidence of Debt. (a) The Company hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Revolving Credit Maturity Date, and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earliest of the Revolving Credit Maturity Date, the date three (3) Business Days after demand by the Swingline Lender in its discretion if no Default exists or the demand by the Swingline Lender in its discretion if a Default exists. Each Foreign Subsidiary Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan to such Foreign Subsidiary Borrower on the Revolving Credit Maturity Date.

(1) If at any time the Dollar Equivalent of the aggregate Revolving Exposure of all Lenders exceeds the Aggregate Commitments, the Borrowers shall promptly, and in any event within one (1) Business Day, repay such excess. If any such excess remains after repayment in full of all outstanding Revolving Loans and Swingline Loans, the Borrowers shall provide cash collateral for the LC Exposure in the manner set forth herein to the extent required to eliminate such excess.

(2) If the Administrative Agent notifies the Borrowers at any time that the aggregate amount of all Loans and LC Obligations denominated in Alternative Currencies at such time exceeds an amount equal to 105% of the Alternative Currency Sublimit then in effect, then, within two Business Days after receipt of such notice, the Borrowers shall prepay Loans and/or cash collateralize Letters of Credit in accordance with Section 2.05(j), in an aggregate amount sufficient to reduce such amount as of such date of payment to an amount not to exceed 100% of the Alternative Currency Sublimit then in effect.

(3) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(4) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(5) The entries made in the accounts maintained pursuant to paragraph (c) or (d) of this Section 2.09 shall be prima facie evidence of the existence and amounts of the obligations recorded therein absent manifest error; provided that in the event of a conflict between such records and the Register, the Register shall control absent manifest error; and provided further that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(6) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the applicable Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form reasonably acceptable to the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

j. Prepayment of Loans. (a) The Borrowers 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 but subject to breakfunding payments pursuant to Section 2.15, subject to prior notice in accordance with paragraph (b) of this Section 2.10.

(7) The applicable Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by fax) or through Electronic System, if arrangements for doing so have been approved by the Administrative Agent, of any prepayment hereunder (i)(w) in the case of prepayment of (1) a Term Benchmark Revolving Borrowing denominated in Dollars, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (2) an RFR Revolving Borrowing denominated in Dollars, not later than 11:00 a.m., New York City time, five Business Days before the date of prepayment, (x) in the case of prepayment of a Term Benchmark Revolving Borrowing denominated in Euros, not later than 12:00 p.m., New York City time, three Business Days before the date of prepayment and (y) in the case of prepayment of an RFR Revolving Borrowing denominated in Sterling, not later than 11:00 a.m., New York City time, five RFR Business Days before the date of prepayment or (ii) in the case of prepayment of an

ABR Revolving Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 11:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments or other transactions as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice or prepayment or termination, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Revolving Loans included in the prepaid Borrowing.

k. Fees. (a) The Company agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the rate equal to the Applicable Margin per annum on the average daily unused amount of the Available Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which the Lenders' Commitments terminate. Accrued commitment fees shall be payable in arrears on the fifteenth (15th) day following such last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(8) The Company agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Margin used to determine the interest rate applicable to Term Benchmark Revolving Loans on the Dollar Equivalent of the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.125% per annum on the Dollar Equivalent the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of calendar quarter shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(9) The Company agrees to pay to the Administrative Agent for its own account, fees payable in the amounts and at the times separately agreed upon between the Company and the Administrative Agent.

(10) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable

to it) for distribution, in the case of commitment fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

l. Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan, other than any Swingline Loan for which an alternate interest rate is agreed upon between the applicable Borrower and Swingline Lender, which shall bear interest at such rate) shall bear interest at the Alternate Base Rate plus the Applicable Margin.

(11) The Loans comprising each Term Benchmark Borrowing shall bear interest in the case of a Term Benchmark Revolving Loan, at the Adjusted Term SOFR Rate or the Adjusted EURIBOR Rate, as applicable, for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(12) Each RFR Loan shall bear interest at a rate per annum equal to the applicable Adjusted Daily Simple RFR plus the Applicable Margin.

(13) Notwithstanding the foregoing, upon and during the continuance of an Event of Default, at the election of the Administrative Agent or Required Lenders, upon written notice to the Company, the interest rates applicable to Loans and the rate at which fees payable to all Lenders accrue on Letters of Credit shall be increased by 2.0% per annum.

(14) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (d) of this Section 2.12 shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Term Benchmark Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(15) Interest computed by reference to the Term SOFR Rate, the EURIBOR Rate or Daily Simple RFR with respect to Dollars, and the Alternate Base Rate hereunder shall be computed on the basis of a year of 360 days. Interest computed by reference to the Daily Simple RFR with respect to Sterling or the Alternate Base Rate only at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year). In each case interest shall be payable for the actual number of days elapsed (including the first day but excluding the last day). All interest hereunder on any Loan shall be computed on a daily basis based upon the outstanding principal amount of such Loan as of the applicable date of determination. A determination of the applicable Alternate Base Rate, Adjusted Term SOFR Rate, Term SOFR Rate, Daily Simple SOFR, Adjusted EURIBOR Rate, EURIBOR Rate, Adjusted Daily Simple RFR or Daily Simple RFR shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

m. Alternate Rate of Interest; Illegality.

(16) Subject to clauses (b), (c), (d), (e) and (f) of this Section 2.13, if:

1. the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) (A) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, that adequate and reasonable means do not exist for ascertaining the Adjusted Term SOFR Rate or the Adjusted EURIBOR Rate (including because the Relevant Screen Rate is not available or published on a current basis), for the applicable Agreed Currency and such Interest Period or (B) at any

time, that adequate and reasonable means do not exist for ascertaining the applicable Adjusted Daily Simple RFR for the applicable Agreed Currency; or

2. the Administrative Agent is advised by the Required Lenders that (A) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, the Adjusted Term SOFR Rate or the Adjusted EURIBOR Rate for the applicable Agreed Currency and such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for the applicable Agreed Currency and such Interest Period or (B) at any time, the applicable Adjusted Daily Simple RFR for the applicable Agreed Currency will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for the applicable Agreed Currency;

then the Administrative Agent shall give notice thereof to the Borrowers and the Lenders through Electronic System as provided in Section 9.01 as promptly as practicable thereafter and, until (x) the Administrative Agent notifies the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the applicable Borrower delivers a new Interest Election Request in accordance with the terms of Section 2.08 or a new Borrowing Request in accordance with the terms of Section 2.03, (A) for Loans denominated in Dollars, (1) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Term Benchmark Borrowing and any Borrowing Request that requests a Term Benchmark Revolving Borrowing shall instead be deemed to be an Interest Election Request or a Borrowing Request, as applicable, for (x) an RFR Borrowing denominated in Dollars so long as the Adjusted Daily Simple RFR for Dollar Borrowings is not also the subject of Section 2.13(a)(i) or (ii) above or (y) an ABR Borrowing if the Adjusted Daily Simple RFR for Dollar Borrowings also is the subject of Section 2.13(a)(i) or (ii) above and (2) any Borrowing Request that requests an RFR Borrowing shall instead be deemed to be a Borrowing Request, as applicable, for an ABR Borrowing and (B) for Loans denominated in an Alternative Currency, any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Term Benchmark Borrowing and any Borrowing Request that requests a Term Benchmark Borrowing or an RFR Borrowing, in each case, for the relevant Benchmark, shall be ineffective; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then all other Types of Borrowings shall be permitted. Furthermore, if any Term Benchmark Loan or RFR Loan in any Agreed Currency is outstanding on the date of the Borrowers' receipt of the notice from the Administrative Agent referred to in this Section 2.13(a) with respect to a Relevant Rate applicable to such Term Benchmark Loan or RFR Loan, then until (x) the Administrative Agent notifies the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the applicable Borrower delivers a new Interest Election Request in accordance with the terms of Section 2.08 or a new Borrowing Request in accordance with the terms of Section 2.03, (A) for Loans denominated in Dollars, (1) any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan, be converted by the Administrative Agent to, and shall constitute, (x) an RFR Borrowing denominated in Dollars so long as the Adjusted Daily Simple RFR for Dollar Borrowings is not also the subject of Section 2.13(a)(i) or (ii) above or (y) an ABR Loan if the Adjusted Daily Simple RFR for Dollar Borrowings also is the subject of Section 2.13(a)(i) or (ii) above, on such day, and (2) any RFR Loan shall on and from such day be converted by the Administrative Agent to, and shall constitute an ABR Loan and (B) for Loans denominated in an Alternative Currency, (1) any Term Benchmark Loan shall, on the last day of the Interest Period applicable to such Loan bear interest at the Central Bank Rate for the applicable Alternative Currency plus the CBR Spread; provided that, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Alternative Currency cannot be determined, any

outstanding affected Term Benchmark Loans denominated in any Alternative Currency shall, at the applicable Borrower's election prior to such day: (A) be prepaid by the applicable Borrower on such day or (B) solely for the purpose of calculating the interest rate applicable to such Term Benchmark Loan, such Term Benchmark Loan denominated in any Alternative Currency shall be deemed to be a Term Benchmark Loan denominated in Dollars and shall accrue interest at the same interest rate applicable to Term Benchmark Loans denominated in Dollars at such time and (2) any RFR Loan shall bear interest at the Central Bank Rate for the applicable Alternative Currency plus the CBR Spread; provided that, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Alternative Currency cannot be determined, any outstanding affected RFR Loans denominated in any Alternative Currency, at the applicable Borrower's election, shall either (A) be converted into ABR Loans denominated in Dollars (in an amount equal to the Dollar Equivalent of such Alternative Currency) promptly or (B) be prepaid in full promptly.

(17) Notwithstanding anything to the contrary herein or in any other Loan Document, (and any Swap Agreement shall be deemed not to be a "Loan Document" for purposes of this Section 2.13), if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) of the definition of "Benchmark Replacement" with respect to Dollars for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of "Benchmark Replacement" with respect to any Agreed Currency for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders of each affected Class.

(18) Notwithstanding anything to the contrary herein or in any other Loan Document, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(19) The Administrative Agent will promptly notify the Borrowers and the Lenders of (i) any occurrence of a Benchmark Transition Event, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (f) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.13, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.13.

(20) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Rate or EURIBOR Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(21) Upon the Borrowers' receipt of notice of the commencement of a Benchmark Unavailability Period, a Borrower may revoke any request for a Term Benchmark Borrowing or RFR Borrowing of, conversion to or continuation of Term Benchmark Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, either (x) the applicable Borrower will be deemed to have converted any request for (1) a Term Benchmark Borrowing denominated in Dollars into a request for a Borrowing of or conversion to (A) an RFR Borrowing denominated in Dollars so long as the Adjusted Daily Simple RFR for Dollar Borrowings is not the subject of a Benchmark Transition Event or (B) an ABR Borrowing if the Adjusted Daily Simple RFR for Dollar Borrowings is the subject of a Benchmark Transition Event or (y) any Term Benchmark Borrowing or RFR Borrowing denominated in an Alternative Currency shall be ineffective. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of ABR based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of ABR. Furthermore, if any Term Benchmark Loan or RFR Loan in any Agreed Currency is outstanding on the date of the Borrowers' receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a Relevant Rate applicable to such Term Benchmark Loan or RFR Loan, then until such time as a Benchmark Replacement for such Agreed Currency is implemented pursuant to this Section 2.13 if the Interest Period applicable to such Loan, be converted by the Administrative Agent to, and shall constitute, (x) an RFR Borrowing denominated in Dollars so long as the Adjusted Daily Simple RFR for Dollar Borrowings is not the subject of a Benchmark Transition Event or (y) an ABR Loan if the Adjusted Daily Simple RFR for Dollar Borrowings is the subject of a Benchmark Transition Event, on such day and (2) any RFR Loan shall on and from such day be converted by the Administrative Agent to, and shall constitute an ABR Loan and (B) for Loans denominated in an Alternative Currency, (1) any Term Benchmark Loan shall, on the last day of the Interest Period applicable to such Loan bear interest at the Central Bank Rate for the applicable Alternative Currency plus the CBR Spread; provided that, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Alternative Currency cannot be determined, any outstanding affected Term Benchmark Loans denominated in any Alternative Currency shall, at the applicable Borrower's election prior to such day: (i) be prepaid by the applicable Borrower on such day or (ii) solely for the purpose of calculating the interest rate applicable to such Term Benchmark Loan, such Term Benchmark Loan denominated in any Alternative Currency shall be deemed to be a Term Benchmark Loan denominated in Dollars and shall accrue interest at the same interest rate applicable to Term Benchmark Loans denominated in Dollars at such time and (2) any RFR Loan shall bear interest at the Central Bank Rate for the applicable Alternative Currency plus the CBR Spread; provided that, if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable

Alternative Currency cannot be determined, any outstanding affected RFR Loans denominated in any Alternative Currency, at the applicable Borrower's election, shall either (A) be converted into ABR Loans denominated in Dollars (in an amount equal to the Dollar Equivalent of such Alternative Currency) immediately or (B) be prepaid in full immediately.

n. Increased Costs. (a) If any Change in Law shall:

(a) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender or Issuing Bank (except any such reserve requirement reflected in the Adjusted EURIBOR Rate) or Issuing Bank;

(b) impose on any Lender or Issuing Bank or the applicable offshore interbank market for the applicable Agreed Currency any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or

(c) subject any Recipient to any Taxes (other than (iv) Indemnified Taxes, (v) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (vi) 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;

and the result of any of the foregoing shall be to increase the cost to such Lender or Issuing Bank or such other Recipient of making, continuing, converting into 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 to reduce the amount of any sum received or receivable by such Lender, the Issuing Bank or such other Recipient hereunder (whether of principal, interest or otherwise), then the applicable Borrower will pay to such Lender, the Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, the Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered. For the avoidance of doubt, this Section 2.14 shall not apply to Taxes, which shall be governed exclusively by Section 2.16.

(22) If any Lender or the Issuing Bank determines that any Change in Law 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 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 other than due to Taxes which, for the avoidance of doubt, are covered by Section 2.16 (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 and liquidity), then from time to time the applicable 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.

(23) A certificate in reasonable detail of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section 2.14 shall be delivered to the Borrowers and shall be conclusive absent manifest error. The applicable

Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(24) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section 2.14 shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrowers shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section 2.14 for any increased costs or reductions incurred more than 270 days prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

o. Break Funding Payments.

(25) With respect to Loans that are not RFR Loans, in the event of (i) the payment of any principal of any Term Benchmark Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.10), (ii) the conversion of any Term Benchmark Loan other than on the last day of the Interest Period applicable thereto, (iii) the failure to borrow, convert, continue or prepay any Term Benchmark Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.08(d) and is revoked in accordance therewith), (iv) the assignment of any Term Benchmark Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the applicable Borrower pursuant to Section 2.19, or (v) the failure by the applicable Borrower to make any payment of any Loan or drawing under any Letter of Credit (or interest due thereof) denominated in an Alternative Currency on its scheduled due date or any payment thereof in a different currency, then, in any such event, the applicable Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. A certificate in reasonable detail of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.15 shall be delivered to the Borrowers and shall be conclusive absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(26) With respect to RFR Loans, in the event of (i) the payment of any principal of any RFR Loan other than on the Interest Payment Date applicable thereto (including as a result of an Event of Default or an optional or mandatory prepayment of Loans), (ii) the failure to borrow or prepay any RFR Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10 and is revoked in accordance therewith), (iii) the assignment of any RFR Loan other than on the Interest Payment Date applicable thereto as a result of a request by the applicable Borrower pursuant to Section 2.17, or (iv) the failure by the applicable Borrower to make any payment of any Loan or drawing under any Letter of Credit (or interest due thereof) denominated in an Alternative Currency on its scheduled due date or any payment thereof in a different currency, then, in any such event, the applicable Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrowers and shall be conclusive absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

p. Withholding Taxes; Gross Up.

(27) Payments Free of Taxes. Any and all payments by or on account of any obligation of any 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 such 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 2.16), the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(28) Payment of Other Taxes by the Borrowers. The Borrowers 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, Other Taxes.

(29) Evidence of Payment. As soon as practicable after any payment of Taxes by any Borrower to a Governmental Authority pursuant to this Section 2.16, such Borrower shall deliver to the Administrative Agent either of (i) 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 (ii) other evidence of such payment reasonably satisfactory to the Administrative Agent.

(30) Indemnification by the Borrowers. The Borrowers shall jointly and severally indemnify each Recipient, within twenty (20) days after written 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 2.16) 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; except that each Foreign Subsidiary Borrower shall only be severally liable for those Obligations related to it as provided in the last sentence of Section 2.09(a); and provided that if the Borrowers reasonably believe that such Taxes were not correctly or legally asserted, the Administrative Agent, or Lender, as applicable, will use reasonable efforts to cooperate with the Borrowers' efforts to obtain a refund of such Taxes (which if successful shall be repaid to applicable Borrower in accordance with Section 2.16(g)). A certificate as to the amount of such payment or liability delivered to Borrowers 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.

(31) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within twenty (20) days after written demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that Borrowers have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) 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 setoff 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 such Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(32) Status of Lenders.

(a) 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 applicable Borrower and the Administrative Agent, at the time or times reasonably requested by the applicable Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the applicable 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 applicable Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the applicable Borrower or the Administrative Agent as will enable such 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 Section 2.16(f)(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.

(b) Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Person,

(i)any Lender that is a U.S. Person shall deliver to such 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 such Borrower or the Administrative Agent), an executed copy of IRS Form W 9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(ii)any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such 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 such Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the U.S. is a party (x) with respect to payments of interest under any Loan Document, an executed copy of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, 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;

(2) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, an executed copy of IRS Form W-8ECI;

(3) 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 C-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 any 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) an executed copy of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(4) to the extent a Foreign Lender is not the beneficial owner, an executed copy of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-2 or Exhibit C-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 C-4 on behalf of each such direct and indirect partner;

(iii)any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such 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 such Borrower or the Administrative Agent), executed copies 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 such Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(iv)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 such Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by such 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 such Borrower or the Administrative Agent as may be necessary for such 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 date of this Agreement.

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 Company and the Administrative Agent in writing of its legal inability to do so.

(33) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund (or credit in lieu of a refund) of any Taxes as to which it has been indemnified pursuant to this Section 2.16 (including by the payment of

additional amounts pursuant to this Section 2.16), it shall pay to the indemnifying party an amount equal to such refund or credit (but only to the extent of indemnity payments made under this Section 2.16 with respect to the Taxes giving rise to such refund or credit), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund or credit). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund or credit to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund or credit had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts giving rise to such refund or credit had never been paid. This paragraph (g) 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.

(34) Survival. Each party's obligations under this Section 2.16 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document (including the Payment in Full of the Secured Obligations).

(35) Defined Terms. For purposes of this Section 2.16, the term "Lender" includes any Issuing Bank and the term "applicable law" includes FATCA.

(36) Additional United Kingdom Withholding Tax Matters.

(i) Subject to (ii) below, each Lender and each UK Borrower which makes a payment to such Lender shall cooperate in completing any procedural formalities necessary for such UK Borrower to obtain authorization to make such payment without withholding or deduction for Taxes imposed under the laws of the United Kingdom.

(ii) (A) A Lender on the Effective Date that (x) holds a passport under the HMRC DT Treaty Passport scheme and (y) wishes such scheme to apply to this Agreement, shall provide its scheme reference number and its jurisdiction of tax residence to each UK Borrower and the Administrative Agent; and

(B) a Lender which becomes a Lender hereunder after the day on which this Agreement closes that (x) holds a passport under the HMRC DT Treaty Passport scheme and (y) wishes such scheme to apply to this Agreement, shall provide its scheme reference number and its jurisdiction of tax residence to each UK Borrower and the Administrative Agent, and

(C) Upon satisfying either clause (A) or (B) above, such Lender shall have satisfied its obligation under paragraph (j)(i) above.

(iii) If a Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with paragraph (j)(ii) above, the UK Borrower(s) shall make a Borrower DTTP Filing with respect to such Lender, and shall promptly provide such Lender with a copy of such filing; provided that, if:

(A) each UK Borrower making a payment to such Lender has not made a Borrower DTTP Filing in respect of such Lender; or

(B) each UK Borrower making a payment to such Lender has made a Borrower DTTP Filing in respect of such Lender but:

(1) such Borrower DTTP Filing has been rejected by HM Revenue & Customs; or

(2) HM Revenue & Customs has not given such UK Borrower authority to make payments to such Lender without a deduction for tax within 60 days of the date of such Borrower DTTP Filing;

and in each case, such UK Borrower has notified that Lender in writing of either (1) or (2) above, then such Lender and such UK Borrower shall co-operate in completing any additional procedural formalities necessary for such UK Borrower to obtain authorization to make that payment without withholding or deduction for Taxes imposed under the laws of the United Kingdom.

(iv) If a Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with paragraph (j)(ii) above, no UK Borrower 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 Loan unless the Lender otherwise agrees.

(v) Each UK Borrower shall, promptly on making a Borrower DTTP Filing, deliver a copy of such Borrower DTTP Filing to the Administrative Agent for delivery to the relevant Lender.

(vi) Each Lender shall notify the UK Borrowers and Administrative Agent if it determines in its sole discretion that it is ceases to be entitled to claim the benefits of an income tax treaty to which the United Kingdom is a party with respect to payments made by any UK Borrower hereunder.

q. Payments Generally; Allocation of Proceeds; Sharing of Set-offs. (a) Each 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 2.14, 2.15 or 2.16, or otherwise) prior to 1:00 p.m., eastern time, on the date when due, in immediately available funds, without set off or counterclaim. 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 such office designated by the Administrative Agent, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.14, 2.15, 2.16 and 9.03 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. Except as otherwise set forth in the definition of "Interest Period", if any payment or performance hereunder shall be due on a day that is not a Business Day, the date for payment or performance shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder of (i) principal or interest in respect of any Loan shall be made in the currency in which such Loan is denominated, (ii) reimbursement obligations shall be made in the currency in which the Letter of Credit in respect of which such reimbursement

obligation exists is denominated or (iii) any other amount due hereunder or under another Loan Document shall be made in Dollars.

(37) Any proceeds of Collateral or payments on Subsidiary Guaranties received by the Administrative Agent (i) not constituting either (A) a specific payment of principal, interest, fees or other sum payable under the Loan Documents (which shall be applied as specified by the applicable Borrower) or (B) a mandatory prepayment (which shall be applied in accordance with Section 2.09(b)) or (ii) after an Event of Default has occurred and is continuing and the Administrative Agent so elects or the Required Lenders so direct, such funds shall be applied ratably first, to pay any fees, indemnities, or expense reimbursements including amounts then due to the Administrative Agent and the Issuing Bank from the Borrowers (other than in connection with Swap Obligations), second, to pay any fees or expense reimbursements then due to the Lenders from the Borrowers (other than in connection with Swap Obligations), third, to pay interest then due and payable on the Loans and the Letters of Credit ratably, fourth, to prepay principal on the Loans and unreimbursed LC Disbursements ratably, to pay an amount to the Administrative Agent equal to the aggregate undrawn face amount of all outstanding Letters of Credit and the aggregate amount of any unpaid LC Disbursements, to be held as cash collateral for such Obligations and to payment of any amounts owing with respect to Swap Obligations and Banking Services Obligations (all such amounts under this "fourth" item being applied ratably in accordance with all such amounts due), fifth, to the payment of any other Secured Obligation due to the Administrative Agent or any Lender or any of their Affiliates, and sixth, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus. Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the applicable Borrower, or unless an Event of Default is in existence, none of the Administrative Agent or any Lender shall apply any payment which it receives to any Term Benchmark Loan of a Class, except (a) on the expiration date of the Interest Period applicable to any such Term Benchmark Loan or (b) in the event, and only to the extent, that there are no outstanding ABR Loans of the same Class and, in any event, the applicable Borrower shall pay the break funding payment required in accordance with Section 2.15. The Administrative Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Secured Obligations. Notwithstanding the foregoing, Secured Obligations arising under Banking Services Obligations or Swap Obligations shall be excluded from the application described above and paid in clause fifth if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may have reasonably requested from the applicable provider of such Banking Services or Swap Agreements in accordance with Section 2.21.

(38) At the request of the applicable Borrower, all payments of principal, interest, LC Disbursements, fees, premiums, reimbursable expenses, and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder.

(39) If, except as otherwise expressly provided herein, 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 participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary 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 participations in LC Disbursements and Swingline Loans; 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 any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or 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 or Swingline Loans to any assignee or participant, other than to any Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply). Each 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 such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(40) Unless the Administrative Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(41) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(b), 2.17(c) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(42) The Administrative Agent may from time to time provide the Borrowers with account statements or invoices with respect to any of the Obligations (the "Statements"). The Administrative Agent is under no duty or obligation to provide Statements, which, if provided, will be solely for the Borrowers' convenience. Statements may contain estimates of the amounts owed during the relevant billing period, whether of principal, interest, fees or other Obligations. If any Borrower pays the full amount indicated on a Statement on or before the later of the due date indicated on such Statement and the date required under this Agreement, such Borrower shall not be in default of payment with respect to the billing period indicated on such Statement; provided that acceptance by the Administrative Agent, on behalf of the Lenders, of any payment that is less than the total amount actually due at that time (including but not limited to any past due amounts) shall not constitute a waiver of the Administrative Agent's or the Lenders' right to receive payment in full at another time.

r. Mitigation Obligations; Replacement of Lenders.

(43) If any Lender requests compensation under Section 2.14, or if any Borrower is required to pay any Indemnified Taxes or additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, 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 judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, 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 materially disadvantageous to such Lender. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(44) If (i) any Lender requests compensation under Section 2.14 or 2.15, (ii) the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, (iii) any Lender becomes a Defaulting Lender or (iv) any Lender shall become a Non-consenting Lender (as defined below), then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, (x) terminate the applicable Commitments of such Lender and repay the outstanding principal of its Loans of the relevant Class or Classes, accrued interest thereon, accrued fees and all other amounts payable to it hereunder as of such termination date or (y) require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights (other than its existing rights to payments pursuant to Sections 2.14, 2.15 or 2.16) and obligations under this Agreement and other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (A) the Borrowers shall have received the prior written consent of the Administrative Agent (to the extent the consent of the Administrative Agent would be required under Section 9.04 and in circumstances where its consent would be required under Section 9.04, the Issuing Bank and the Swingline Lender), which consent shall not unreasonably be withheld, conditioned or delayed, (B) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts) and (C) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation (and such termination repayment shall not occur) if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment, delegation, termination and repayment cease to apply (in the case of a termination and repayment, prior to the date fixed in the applicable notice to such lender for such termination and repayment). Each party hereto agrees that (1) an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrowers, the Administrative Agent and the assignee (or, to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and such parties are participants), and (2) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable assigning Lender, provided that any such documents shall be without recourse to or warranty by the parties thereto. In the event that (i) the Borrowers or the Administrative Agent have requested the Lenders to consent to a departure or waiver of any provisions of the Loan Documents or to agree to any other modification thereto, (ii) the consent, waiver or other modification in question requires the agreement of all Lenders (or, all directly and adversely affected Lenders or any other Class or group of Lenders other than Required Lenders (or other applicable majority) in accordance with the terms of Section 9.02) and (iii) the Required Lenders (or, in the case of any Class voting, the holders of a majority of the outstanding Loans and unused Commitments in respect of such Class) have agreed to such consent, waiver or other modification, then any Lender who does not agree to such consent, waiver or other modification shall be deemed a " Non-consenting Lender ".

s. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(45) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.11(a);

(46) 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 Section 2.17(b) or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.08 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 any Issuing Bank or Swingline Lender hereunder; third, to cash collateralize LC Exposure with respect to such Defaulting Lender in accordance with this Section 2.19; fourth, as the Borrowers 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 Company, 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 future LC Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with this Section 2.19; sixth, to the payment of any amounts owing to the Lenders, the Issuing Banks or Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Banks or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by any Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; 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 4.02 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 participations in the Borrowers' obligations corresponding to such Defaulting Lender's LC Exposure and Swingline Loans are held by the Lenders pro rata in accordance with the Commitments without giving effect to clause (d) below. 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 2.19 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto;

(47) such Defaulting Lender shall not have the right to vote on any issue on which voting is required (other than to the extent expressly provided in Section 9.02(b)) and the Commitment and Revolving Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder or under any other Loan Document; provided that, except as otherwise provided in Section 9.02, this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby;

(48) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(a) all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender (other than, in the case of a Defaulting Lender that is a Swingline Lender, the portion of such Swingline Exposure referred to in clause (b) of the definition of such term) shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only (x) to the extent that such reallocation does not, as to any non-Defaulting Lender, cause such non-Defaulting Lender's Revolving Exposure to exceed its Commitment;

(b) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrowers shall within one (1) Business Day following notice by the Administrative Agent (x) first, prepay such Swingline Exposure and (y) second, cash collateralize, for the benefit of the Issuing Bank, the Borrowers' obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.05(j) for so long as such LC Exposure is outstanding;

(c) if the Borrowers cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(d) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Sections 2.12(a) and 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(e) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(49) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend, renew, extend or increase any Letter of Credit, unless it is satisfied that the related exposure and such Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrowers in accordance with Section 2.19(d), and Swingline Exposure related to any such newly made Swingline Loan or LC Exposure related to any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.19(d)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event or a Bail-In Action with respect to a Lender Parent shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the Issuing Bank, as the case may be, shall have entered into arrangements with the

Borrowers or such Lender, satisfactory to the Swingline Lender or the Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that each of the Administrative Agent, the Borrowers, the Swingline Lender and the Issuing Bank agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on the date of such readjustment such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

t. Returned Payments. If, after receipt of any payment which is applied to the payment of all or any part of the Obligations (including a payment effected through exercise of a right of setoff), the Administrative Agent or any Lender is for any reason compelled to surrender such payment or proceeds to any Person because such payment or application of proceeds is invalidated, declared fraudulent, set aside, determined to be void or voidable as a preference, impermissible setoff, or a diversion of trust funds, or for any other reason (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion), then the Obligations or part thereof intended to be satisfied shall be revived and continued and this Agreement shall continue in full force as if such payment or proceeds had not been received by the Administrative Agent or such Lender. The provisions of this Section 2.21 shall be and remain effective notwithstanding any contrary action which may have been taken by the Administrative Agent or any Lender in reliance upon such payment or application of proceeds. The provisions of this Section 2.21 shall survive the termination of this Agreement.

u. Banking Services and Swap Agreements. Each Lender or Affiliate thereof providing Banking Services for, or having Swap Agreements with, any Loan Party or any Subsidiary of a Loan Party, shall deliver to the Administrative Agent, promptly after entering into such Banking Services or Swap Agreements, written notice setting forth the aggregate amount of all Banking Services Obligations and Swap Obligations of such Loan Party or Subsidiary thereof to such Lender or Affiliate (whether matured or unmatured, absolute or contingent). In furtherance of that requirement, each such Lender or Affiliate thereof shall furnish the Administrative Agent, from time to time after a significant change therein or upon a request therefor, a summary of the amounts due or to become due in respect of such Banking Services Obligations and Swap Obligations. The most recent information provided to the Administrative Agent shall be used in determining which tier of the waterfall, contained in Section 2.17(b), such Banking Services Obligations and/or Swap Obligations will be placed. For the avoidance of doubt, so long as JPMCB or its Affiliate is the Administrative Agent, neither JPMCB nor any of its Affiliates providing Banking Services for, or having Swap Agreements with, any Loan Party or any Subsidiary of a Loan Party shall be required to provide any notice described in this Section 2.21 in respect of such Banking Services or Swap Agreements.

v. Foreign Subsidiary Borrowers.

(50) On or after the Fifth Amendment Effective Date, the Company may designate any Foreign Subsidiary that is a Wholly-Owned Subsidiary as a Foreign Subsidiary Borrower by delivery to the Administrative Agent of a Foreign Subsidiary Borrower Agreement executed by such Foreign Subsidiary and the Company. Each such designation shall be subject to the consent of the Administrative Agent and each Lender (which consent shall not unreasonably be withheld, conditioned or delayed); provided, that, consent of the Lenders shall not be required with respect to the designation of Broad Arrow Capital UK Limited and/or Broad Arrow Capital Europe Limited as Foreign Subsidiary Borrowers. In addition, no Foreign Subsidiary may become a Foreign Subsidiary Borrower if any Lender that as a result thereof would be obligated to lend to

it may not at such time legally lend to such Foreign Subsidiary unless other arrangements in respect thereof have been made that are acceptable to such Lender.

(51) Upon the execution by the Company and delivery to the Administrative Agent of a Foreign Subsidiary Borrower Termination with respect to any Foreign Subsidiary Borrower, such Subsidiary shall cease to be a Foreign Subsidiary Borrower and a party to this Agreement; provided that no Foreign Subsidiary Borrower Termination will become effective as to any Foreign Subsidiary Borrower (other than to terminate such Foreign Subsidiary Borrower's right to make further Borrowings under this Agreement) at a time when any principal of or interest on any Loan to such Foreign Subsidiary Borrower shall be outstanding hereunder. Following receipt of any Foreign Subsidiary Borrower Agreement or Foreign Subsidiary Borrower Termination, the Administrative Agent shall send a copy thereof to each Lender.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Each of the Borrowers represents and warrants to the Lenders that:

SECTION 1.0s. Organization; Powers. Each of the Loan Parties (a) is duly incorporated, organized or formed, as applicable, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of the jurisdiction of its incorporation, organization or formation, as applicable, (b) has all requisite power and authority to carry on its business as now conducted and (c) is qualified to do business in, and is in good standing in (to the extent such concept is applicable in the relevant jurisdiction), every jurisdiction where such qualification is required except, in each case referred to in clauses (a) (other than with respect to the Company), (b) and (c), where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 1.0t. Authorization; Enforceability. The Transactions are within each Borrower's organizational powers and have been duly authorized by all necessary organizational action. This Agreement has been duly executed and delivered by each Borrower and constitutes a legal, valid and binding obligation of such Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 1.0u. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect, (ii) filings necessary to perfect Liens created under the Collateral Documents and (iii) immaterial consents, approvals, registrations, filing or other actions, (b) will not violate any Requirement of Law or regulation or the charter, by-laws or other organizational documents applicable to the Company or any of its Subsidiaries, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Company or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Company or any of its Subsidiaries (unless such payment is de-minimis and not restricted hereunder), and (d) other than pursuant to the Collateral Documents, will not result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries except, where such violations or defaults referred to in clauses (b) and (c), individually, or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

SECTION 1.0v. Financial Condition; No Material Adverse Change. (a) The Company has heretofore furnished to the Lenders consolidated balance sheet and statements of income, stockholders equity and cash flows for Company (i) as of and for the Fiscal Year ended

December 31, 2020, reported on by Deloitte & Touche LLP, independent public accountants, and (ii) as of and for the Fiscal Quarter ended June 30, 2021 and the portion of the Fiscal Year ended June 30, 2021 internally prepared by the Company. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(1) Since December 31, 2020, there has been no material adverse change in the business, assets, financial condition or results of operation of the Company and its Subsidiaries, taken as a whole.

SECTION 1.0w. Properties. (a) Each of the Loan Parties has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes or where the failure to have such title or interest could not reasonably be expected to result in a Material Adverse Effect.

(1) Except as could not reasonably be expected to result in a Material Adverse Effect, (i) each of the Loan Parties owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material or necessary to its business and (ii) to the knowledge of the Company, the use thereof by the Loan Parties does not infringe upon the rights of any other Person.

(2) As of the Fifth Amendment Effective Date, all Domestic Subsidiaries that are required to execute Subsidiary Guaranties, all other Subsidiaries and all Permitted Joint Ventures are listed on Schedule 3.05.

SECTION 1.0x. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries (i) which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that, as of the Third Amendment Effective Date, involve any of the Loan Documents or the Transactions to be consummated in connection with the Third Amendment.

(1) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Company nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 1.0y. Compliance with Laws and Agreements. Each of the Loan Parties is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 1.0z. Investment Company Status. Neither the Company nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 1.0aa. Taxes. Each of the Loan Parties has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes not overdue for more than thirty (30) days or, if more than thirty (30) days overdue, that are being contested in good faith by appropriate proceedings and for which the Company or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect. No tax liens have been filed and no claims are being asserted with respect to any such taxes.

j. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan in any material respect.

k. Disclosure. (a) As of the Third Amendment Effective Date, none of the written reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender (other than information of a general economic or industry specific nature, projected financial information or other forward looking information) in connection with the negotiation of the Third Amendment or any other Loan Document executed in connection therewith (as modified or supplemented by other information so furnished), individually or when taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, the Company represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time made (it being understood that projections may vary from actual results and that such variances may be material).

(1) As of the Effective Date, to the best knowledge of the Company, the information included in the Beneficial Ownership Certification provided on or prior to the Effective Date to any Lender in connection with this Agreement is true and correct in all respects.

l. Solvency. As of the Third Amendment Effective Date, (a) the fair value of the aggregate of all assets of the Company and its Subsidiaries, taken as a whole, will exceed the aggregate amount of the debts and liabilities (subordinate, contingent or otherwise) of the Company and its Subsidiaries, taken as a whole; (b) the present fair saleable value of the property of the Company and its Subsidiaries, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, (subordinated, contingent or otherwise), as such debts and other liabilities become absolute and matured; (c) the Company and its Subsidiaries, taken as a whole, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; (d) the Company and its Subsidiaries, taken as a whole, will not have unreasonably small capital with which to conduct their businesses in which they are engaged as such businesses are now conducted on the Fifth Amendment Effective Date; (e) no Loan Party (other than the UK Borrowers) is "insolvent" within the meaning of Section 101(32) of the Bankruptcy Code and no UK Borrower is unable to pay its debts as they fall due; and (f) no Loan Party has incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise) under any Loan Documents, or made any conveyance in connection therewith, with actual intent to hinder, delay or defraud either present or future creditors of such Loan Party or any of its Subsidiaries. For the purposes hereof, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing

at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standards No. 5).

m. Security Interest in Collateral. The Collateral Documents are sufficient to create legal and valid Liens on all of the Collateral in favor of the Administrative Agent, for the benefit of the Secured Parties (subject to applicable bankruptcy, insolvency, reorganization, moratorium, capital impairment, recognition of judgments, recognition of choice of law, enforcement of judgments or other similar laws or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law), and, upon the filing of appropriate financing statements, the recordation of the applicable Mortgages and, with respect to any intellectual property, filings in the United States Patent and Trademark Office and the United States Copyright Office, or taking such other action as may be required for perfection under applicable law, such Liens will constitute, to the extent required by the Loan Documents, perfected and continuing Liens on the Collateral, securing the Secured Obligations, enforceable against the applicable Loan Party and all third parties, and having priority over all other Liens on the Collateral other than with respect to Liens expressly permitted by Section 6.02, to the extent any such Liens would have priority over the Liens in favor of the Administrative Agent pursuant to any applicable law (it being understood that subsequent filings and recordings may be necessary to perfect Liens on the Collateral pursuant to Section 5.09).

n. Labor Disputes. As of the Third Amendment Effective Date, there are no strikes, lockouts or slowdowns against the Company or any Subsidiary pending or, to the knowledge of the Company, threatened in writing, in each case, (i) which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) are related to labor disputes.

o. No Default. No Event of Default has occurred and is continuing.

p. Federal Reserve Regulations. No Loan Party is engaged and will not engage, principally or as one of its important or primary activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of any Borrowing or Letter of Credit hereunder will be used to buy or carry any Margin Stock in violation of or in a manner inconsistent with Regulation U of the Board of Governors of the Federal Reserve. Following the application of the proceeds of each Borrowing or drawing under each Letter of Credit, not more than 25% of the value of the assets (either of any Loan Party only or of the Loan Parties and their Subsidiaries on a consolidated basis) will be Margin Stock.

q. Subordinated Debt. As of the Fifth Amendment Effective Date, all Subordinated Debt Documents are described on Schedule 3.17 hereto, and there are no other documents, agreements or instruments evidencing or relating to the Subordinated Debt as of the Fifth Amendment Effective Date other than as described on Schedule 3.17 hereto. Complete and accurate copies of all documents, agreements or instruments described on Schedule 3.17 have been delivered to the Administrative Agent on or prior to the Fifth Amendment Effective Date.

r. Anti-Corruption Laws and Sanctions. The Company has implemented and maintains in effect policies and procedures designed to ensure compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Company, its Subsidiaries and their respective officers and employees and, to the knowledge of the Company, their directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Company, its Subsidiaries or any of their respective directors, officers or employees, or (b) to the knowledge of the Company, any agent of the Company or its Subsidiaries that will act

in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions in any material respect. The foregoing representations in this Section 3.18 will not apply to any party hereto to which Council Regulation (EC) 2271/96 (the "Blocking Regulation") applies, if and to the extent that such representations are or would be unenforceable by or in respect of that party pursuant to, or would otherwise result in a breach and/or violation of, (i) any provision of the Blocking Regulation (or any law or regulation implementing the Blocking Regulation in any member state of the European Union), (ii) any similar blocking or anti-boycott law in the United Kingdom or (iii) section 7 of the German Foreign Trade Ordinance (*Verordnung zur Durchf✔hrung des Außenwirtschaftsgesetzes* (*Außenwirtschaftsverordnung – AWV*)) in connection with sections 4 and 19 para (3) no. 1 (a) of the German Foreign Trade Act, or any other comparable anti-boycott law, regulation or statute that is in force from time to time in Germany.

s. Affected Financial Institutions. No Loan Party is an Affected Financial Institution.

t. Representations as to Foreign Subsidiary Borrowers. Each of the Company and each Foreign Subsidiary Borrower represents and warrants to the Administrative Agent and the Lenders that:

(i) Such Foreign Subsidiary Borrower, other than a UK Borrower, is subject to civil, commercial and common laws and each UK Borrower is subject to statutory and common laws, in each case, with respect to its obligations under this Agreement and the other Loan Documents to which it is a party (collectively as to such Foreign Subsidiary Borrower, the "Applicable Foreign Subsidiary Borrower Documents"), and the execution, delivery and performance by such Foreign Subsidiary Borrower of the Applicable Foreign Subsidiary Borrower Documents constitute and will constitute private and commercial acts and not public or governmental acts. Neither such Foreign Subsidiary Borrower nor any of its material property has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the jurisdiction in which such Foreign Subsidiary Borrower is organized and existing in respect of its obligations under the Applicable Foreign Subsidiary Borrower Documents.

(ii) The Applicable Foreign Subsidiary Borrower Documents are in proper legal form under the Laws of the jurisdiction in which such Foreign Subsidiary Borrower is organized and existing for the enforcement thereof against such Foreign Subsidiary Borrower under the Laws of such jurisdiction (or such other law as shall be specified in such documents), and to ensure the legality, validity, enforceability (except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally), priority and admissibility in evidence of the Applicable Foreign Subsidiary Borrower Documents. It is not necessary to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Foreign Subsidiary Borrower Documents that the Applicable Foreign Subsidiary Borrower Documents be filed, registered or recorded with, or executed or notarized before, any court or other authority in the jurisdiction in which such Foreign Subsidiary Borrower is organized and existing or that any registration charge or stamp or similar tax be paid on or in respect of the Applicable Foreign Subsidiary Borrower Documents or any other document, except for (i) any such filing, registration, recording, execution or notarization as has been made or is not required to be made until the Applicable Foreign Subsidiary Borrower Document or any other document is sought to be enforced and (ii) any charge or tax as has been timely paid.

(iii) Save as provided by Section 2.16(j), there is no tax (other than Excluded Taxes), levy, impost, duty, fee, assessment or other governmental charge that must be paid or any

deduction or withholding for any Taxes imposed by any Governmental Authority in or of the jurisdiction in which such Foreign Subsidiary Borrower is organized and existing either (i) on or by virtue of the execution or delivery of the Applicable Foreign Subsidiary Borrower Documents or (ii) on any payment to be made by such Foreign Subsidiary Borrower to a Lender pursuant to the Applicable Foreign Subsidiary Borrower Documents, except for those that have been paid by a Loan Party or any of their respective Subsidiaries.

(iv) The execution, delivery and performance of the Applicable Foreign Subsidiary Borrower Documents executed by such Foreign Subsidiary Borrower are, under applicable foreign exchange control regulations of the jurisdiction in which such Foreign Subsidiary Borrower is organized and existing, not subject to any notification or authorization except (i) such as have been made or obtained or (ii) such as cannot be made or obtained until a later date (provided that any notification or authorization described in clause (ii) shall be made or obtained as soon as is reasonably practicable).

u. Plan Assets; Prohibited Transactions. None of the Loan Parties or any of their Subsidiaries is an entity deemed to hold "plan assets" (within the meaning of the Plan Asset Regulations), and neither the execution, delivery nor performance of the transactions contemplated under this Agreement, including the making of any Loan and the issuance of any Letter of Credit hereunder, will give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

ARTICLE 4
CONDITIONS

SECTION 1.0ab. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Bank to issue 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 9.02):

(1) Credit Agreement and Loan Documents. The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence reasonably 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 and (ii) duly executed copies of the Loan Documents and such other legal opinions, certificates, documents, instruments, lien searches and agreements and other conditions and requirements as the Administrative Agent shall reasonably request in connection with the transactions contemplated by this Agreement and the Loan Documents, including without limitation all pledged share certificates and instruments, all surveys, title policies, appraisals and environmental reports, all stock powers and all other agreements, instruments and documents required by the Administrative Agent in connection with the Collateral Documents and other Loan Documents, all in form and substance satisfactory to the Administrative Agent and its counsel.

(2) Financial Statements and Projections. The Lenders shall have received such financial and projections statements as the Administrative Agent may reasonably request (including, without limitation, a detailed description of the assumptions used in preparing such projections).

(3) Certificate. The Administrative Agent shall have received a certificate, signed by a Financial Officer or other executive officer of the Company, on the initial Borrowing date (i) stating that no Default or Event of Default has occurred and is continuing, (ii) stating that the representations and warranties contained in Article III are true and correct as of such date, and (iii) attaching all LLC Agreements in effect on the Effective Date.

(4) Fees. The Lenders and the Administrative Agent shall have received, substantially concurrently with the effectiveness hereof, all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel to the Administrative Agent), on or before the Effective Date. All such amounts will be paid with proceeds of Loans made on the Effective Date and will be reflected in the funding instructions given by the Company to the Administrative Agent on or before the Effective Date.

(5) Existing Indebtedness. The Company, its Subsidiaries and Guarantors shall have paid, concurrently with the initial Loans hereunder, all Indebtedness that is not permitted hereunder and terminate all credit facilities and all liens and security interests relating thereto, all in a manner satisfactory to the Administrative Agent and its counsel.

(6) Insurance. The Administrative Agent shall have received evidence of insurance coverage in form, scope, and substance reasonably satisfactory to the Administrative Agent and otherwise in compliance with the terms of Section 5.05.

(7) USA PATRIOT Act, Etc. (i) The Administrative Agent shall have received, (x) at least five (5) days prior to the Effective Date, all documentation and other information regarding the Company requested in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, to the extent requested in writing of the Company at least ten (10) days prior to the Effective Date, and (y) a properly completed and signed IRS Form W-8 or W-9, as applicable, for each Loan Party, and (ii) to the extent the Company qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, at least five (5) days prior to the Effective Date, any Lender that has requested, in a written notice to the Company at least the (10) days prior to the Effective Date, a Beneficial Ownership Certification in relation to the Company shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied).

(8) Miscellaneous. The Administrative Agent shall have received such other documents, and evidence of the satisfaction of such other conditions as requested by the Administrative Agent.

The Administrative Agent shall notify the Company and the Lenders of the Effective Date, and such notice shall be conclusive and binding; provided, that the Effective Date shall be deemed to have occurred upon the initial funding of Loans by the Lenders.

SECTION 1.0ac. 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 (subject to Section 2.08(e) in the case of a Limited Condition Transaction Incremental Loan):

(1) The representations and warranties of the Loan Parties set forth in the Loan Documents shall be true and correct in all material respects with the same effect as though made on and as of the date of such Borrowing or the date of issuance, amendment or extension of such Letter of Credit, as applicable (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects).

(2) 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 shall have occurred and be continuing (subject, in the case of any Loan or Letter of Credit being used to finance a Limited Condition Transaction, to Section 1.08).

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the applicable Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section 4.02. Notwithstanding anything in this Section 4.02 to the contrary, in the case of any Limited Condition Transaction Incremental Loan, the only conditions precedent to the funding of such Limited Condition Transaction Incremental Loan shall be the conditions precedent set forth in Section 2.08(e).

ARTICLE 5
AFFIRMATIVE COVENANTS

Until all of the Obligations shall have been Paid in Full, the Company covenants and agrees with the Lenders that:

SECTION 1.0ad. Financial Statements; Ratings Change and Other Information. The Company will furnish to the Administrative Agent and each Lender:

(1) by no later than one hundred twenty (120) days after the end of each Fiscal Year, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case (other than for the 2019 Fiscal Year) in comparative form the figures for the previous Fiscal Year, all reported on by Deloitte & Touche LLP, or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit (other than a qualification, exception or explanation resulting solely from any upcoming maturity date of any Indebtedness occurring within one year from the time such opinion is delivered or actual or prospective anticipated defaults under any financial covenants under any such Indebtedness)) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP;

(2) by no later than forty-five (45) days after the end of the first three Fiscal Quarters, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such Fiscal Quarter and the then elapsed portion of the Fiscal Year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by a Financial Officer of the Company as presenting fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(3) concurrently with the delivery of financial statements under clause (a) or (b) above, a Compliance Certificate (i) certifying as to whether a Default, which has not previously been disclosed or which has not been cured, has occurred and, if such a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.13, (iii) internally prepared consolidated balance sheet and related statements of operations, stockholders' equity and cash flows for the dates and periods as in clause (a) or (b) above eliminating the Reinsurance Subsidiary, together with any detail reasonably requested by the

Administrative Agent showing the eliminations or adjustments, (iv) financial statements of the character and for the dates and periods as in clause (a) or (b) above for the Reinsurance Subsidiary and its subsidiaries, together with any detail reasonably requested by the Administrative Agent in connection therewith, and (v) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(4) by no later than March 31 of each calendar year, the annual budget of the Company and its Subsidiaries for such calendar year in form and detail reasonably satisfactory to the Administrative Agent;

(5) promptly following any request therefor, (x) such other information regarding the operations, business affairs and financial condition of the Company or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request and (y) any information and documentation reasonably requested by the Administrative Agent (or any Lender through the Administrative Agent) for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation;

(6) promptly after any reasonable request therefor by the Administrative Agent (or any Lender through the Administrative Agent), copies of (i) any documents described in Section 101(k) and 101(l) of ERISA that the Company or any ERISA Affiliate may request of any Multiemployer Plans and (ii) any notices described in Section 101(l)(1) of ERISA that the Company or any ERISA Affiliate may request with respect to any Multiemployer Plan; provided that if the Company or any ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, the Company or the applicable ERISA Affiliate shall promptly make a request for such documents and notices from such administrator or sponsor and shall provide copies of such documents and notices promptly after receipt thereof; and

(7) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by any Loan Party or any Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed by the Company to its shareholders generally, as the case may be, and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto; provided that notwithstanding the foregoing, the obligations in this Section 5.01(g) may be satisfied so long as such information is publicly available on the SEC's EDGAR website.

Documents required to be delivered pursuant to Section 5.01(a) and (b) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system ("EDGAR"); or (ii) on which such documents are posted on the Company's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether made available by the Administrative Agent); provided that: (A) upon written request by the Administrative Agent (or any Lender through the Administrative Agent) to the Company, the Company shall deliver paper copies of such documents to the Administrative Agent or such Lender until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (B) the Company shall notify the Administrative Agent and each Lender (by facsimile or through Electronic System) of the posting of any such documents and provide to the Administrative Agent through Electronic System electronic versions (i.e., soft copies) of such documents. The

Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request by a Lender for delivery, and each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such document to it and maintaining its copies of such documents. Notwithstanding the foregoing, the obligations in clauses (a) and (b) of this Section 5.01 may be satisfied by furnishing (A) the applicable financial statements, reports or other information required by such paragraphs of any Holdco Entity or (B) any Holdco Entity's Form 10-K or 10-Q, as applicable, filed with the SEC, in each case, within the time periods specified in such paragraphs; provided that, with respect to each of clauses (A) and (B), (i) to the extent such financial statements, reports or other information relate to such Holdco Entity, such financial statements, reports and information shall be accompanied by information that explains in reasonable detail the differences between the information relating to such Holdco Entity, on the one hand, and the information relating to the Company on a standalone basis, on the other hand, which information shall be certified by a Financial Officer of the Company as having been fairly presented in all materials respects and (ii) to the extent such statements are in lieu of statements required to be provided under Section 5.01(a), such statements shall be accompanied by a report from such Holdco Entity's certified public accountants, which report shall satisfy the applicable requirements set forth in Section 5.01(a).

SECTION 1.0ae. Notices of Material Events. The Company will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(1) the occurrence of any Default;

(2) the filing or commencement of any Proceeding by or before any arbitrator or Governmental Authority against or affecting the Company or any Subsidiary thereof that could reasonably be expected to result in a Material Adverse Effect;

(3) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(4) notice of any action arising under any Environmental Law or of any noncompliance by the Company or any Subsidiary with any Environmental Law or any permit, approval, license or other authorization required thereunder that could reasonably be expected to result in a Material Adverse Effect;

(5) any material change in accounting or financial reporting practices by the Company or any Subsidiary;

(6) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect;

(7) the receipt of any written notice or other correspondence from the SEC (or comparable agency in any applicable non U.S. jurisdiction) concerning any investigation or possible investigation of other inquiry by the SEC or such other agency regarding financial or other operational results of the Company or any Subsidiary that could reasonably be expected to have a Material Adverse Effect; and

(8) upon the request of any Lender, any change in the information provided in the Beneficial Ownership Certification delivered to such Lender that would result in a change to the list of beneficial owners identified in such certification.

Each notice delivered under this Section 5.02 (i) shall contain a heading or a reference line that reads "Notice under Section 5.02 of the Hagerty Amended and Restated Credit Agreement dated December 12, 2018" and (ii) shall be accompanied by a statement of a Financial Officer or other executive officer of the Company setting forth reasonable details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 1.0af. Existence; Conduct of Business. The Company will, and will cause each of its Subsidiaries to, (a) do or cause to be done all things necessary to preserve, renew and keep in full force and effect (i) its legal existence except, solely in the case of a Subsidiary (other than a Loan Party), where the failure to do so could not reasonably be expected to result in a Material Adverse Effect and (ii) all of its rights, licenses, permits, privileges and franchises material or necessary to the conduct of its business, including without limitation its insurance agency and other insurance arrangements; provided that the foregoing shall not prohibit (i) any merger, consolidation, liquidation or dissolution permitted under Section 6.03 or (ii) any change in the insurance companies providing the insurance and reinsurance for the customers of the Company and its Subsidiaries or any change in its insurance agency and other arrangements if such change could not reasonably be expected to result in a Material Adverse Effect and (b) carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted or any business, operations and activities that are reasonably similar, related, ancillary, complimentary or incidental thereto or a reasonable extension, development or expansion thereof, including without limitation, the provision of full service collector car loans and financing.

SECTION 1.0ag. Payment of Taxes. The Company will, and will cause each of its Subsidiaries to, pay its Tax liabilities, that, if not paid, could result in a Material Adverse Effect, except where (a)(i) the validity or amount thereof is being contested in good faith by appropriate proceedings and (ii) the Company or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP or (b) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 1.0ah. Maintenance of Properties; Insurance. The Company will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted, except to the extent the failure to do so could not reasonably be expected to result in a Material Adverse Effect and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained under similar circumstances by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 1.0ai. Books and Records; Inspection Rights. The Company will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities in order to permit the preparation of financial statements in accordance with GAAP. The Company will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior written notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its Financial Officers and independent accountants, all at such reasonable times during normal business hours and as often as reasonably requested. The Company acknowledges that the Administrative Agent, after exercising its rights of inspection, may prepare and distribute to the Lenders certain Reports pertaining to the Loan Parties' assets for internal use by the Administrative Agent and the Lenders; provided that (a) the Company shall not be required to reimburse such expenses unless an Event of Default exists at the time thereof and (b) the Company shall have the opportunity to be present at any meeting with its independent accountants. Notwithstanding anything to the contrary in this Section 5.06,

the Company and any Subsidiary will not be required to disclose or permit the inspection or discussion of, any document, information or other matter (i) in respect of which disclosure to the Administrative Agent or any Lender (or their respective agents, representatives or contractors) is prohibited by law or any binding agreement not entered into in contemplation of avoiding such inspection and disclosure rights, (ii) that is subject to attorney client or similar privilege or constitutes attorney work product, (iii) in respect of which the Company or any Subsidiary owes confidentiality obligations to any third party not entered into in contemplation of avoiding such inspection and disclosure or (iv) that constitutes non-financial trade secrets or non-financial proprietary information of the Company or any Subsidiary thereof or any customers or suppliers of the foregoing (except to the extent the Administrative Agent or Lender seeking to inspect such trade secrets or proprietary information enters into a separate confidentiality agreement reasonably acceptable to the Company with respect to such trade secrets or proprietary information).

SECTION 1.0aj. Compliance with Laws. The Company will, and will cause each of its Subsidiaries to, (i) comply with each Requirement of Law applicable to it or its property (including without limitation Environmental Laws) and (ii) perform in all material respects its obligations under any order, writ, injunction or decree applicable to it or its property, except where, in each case, the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Company will not, and will not permit any of its Subsidiaries, to 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 advance or extension of credit to any Borrower or Guarantor or from otherwise conducting business with any Borrower or any Guarantor, or fail to provide documentary and other evidence of any Borrower's or any Guarantor's identity as may be requested by any Lender at any time to enable such Lender to verify such Borrower's or such Guarantor'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. The Company will maintain in effect and enforce policies and procedures designed to ensure compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions in all material respects.

SECTION 1.0ak. Use of Proceeds and Letters of Credit. The proceeds of the Loans will be used for refinancing certain Indebtedness in existence on the Effective Date and for working capital needs and for other general business purposes of the Loan Parties (including the payment of any Transaction Costs). No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Federal Reserve Board, including Regulations T, U and X. The Borrowers will not request any Borrowing or Letter of Credit, and the Borrowers shall not use, and shall ensure that their Subsidiaries and their respective directors, officers and employees shall not use, the proceeds of any Borrowing or Letter of Credit (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 material 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 material violation of any Sanctions applicable to any party hereto.

SECTION 1.0al. Collateral Security; Further Assurances. (a) Subject to clause (b) below, to guarantee or secure the payment when due of the Secured Obligations, the Company shall execute and deliver, or cause to be executed and delivered, to the Lenders and the Administrative Agent Collateral Documents granting or providing for the following:

(a) Guaranties of the Company (with respect to all Secured Obligations of the Foreign Subsidiary Borrowers) and all present and future wholly-owned Domestic Subsidiaries (other than Excluded Subsidiaries).

(b) Security Agreements granting a first priority, enforceable Lien and security interest, subject only to Liens permitted by Section 6.02, on all Collateral.

(c) Mortgages and other documents and conditions required under the Loan Documents with respect to any present and future real property owned by the Company or any Guarantor (other than Excluded Property) granting a first priority, enforceable Lien and security interest, subject only to Liens permitted by Section 6.02, on all present and future owned real property (other than Excluded Property).

(d) All other security and collateral required to be delivered by any Loan Party under the express terms of the Collateral Documents.

Notwithstanding anything herein to the contrary, any Collateral provided by any Foreign Subsidiary Borrower shall secure only the Secured Obligations of such Foreign Subsidiary Borrower unless securing Secured Obligations of any other Borrower will not result in adverse tax consequences (as reasonably determined by Administrative Agent and Company).

(1) The Company agrees that it will promptly notify the Administrative Agent of the formation or acquisition of any Domestic Subsidiary (other than an Excluded Subsidiary), any Foreign Subsidiary or CFC Holdco or the acquisition of any assets on which a Lien is required to be granted and that is not covered by existing Collateral Documents. The Company agrees that it will promptly execute and deliver, or cause each such wholly-owned Domestic Subsidiary to execute and deliver, promptly upon the request of the Administrative Agent, such additional Collateral Documents and other agreements, documents and instruments, each in form and substance reasonably satisfactory to the Administrative Agent, sufficient to grant to the Administrative Agent, for the benefit of the Secured Parties, the guaranties and Liens contemplated by this Agreement and the Collateral Documents. To the extent required by the Collateral Documents and so long as such property is not Excluded Property, the Company shall deliver, and cause each Guarantor to deliver, to the Administrative Agent all original instruments payable to it with any endorsements thereto required by the Administrative Agent and all original certificated securities and other certificates with respect to any Equity Interests (including, without limitation, the Equity Interests of all Foreign Subsidiaries and CFC Holdcos that are not Excluded Property) owned by the Company or any Subsidiary with any blank stock or other powers required by the Administrative Agent. Additionally, the Company shall cause any such Person that becomes a wholly-owned Domestic Subsidiary (other than an Excluded Subsidiary), promptly upon the request of the Administrative Agent, to execute and deliver such certificates, legal opinions, title work and insurance, surveys, lien searches, environmental reports, organizational and other charter documents, resolutions and other documents and agreements as may be reasonably requested by Administrative Agent to give effect to this Section 5.09 and, in any event, substantially consistent with those delivered by the Loan Parties to the Administrative Agent on or prior to the Third Amendment Effective Date. The Company shall execute and deliver to the Administrative Agent such modifications to the terms of the Loan Documents (or, to the extent applicable as reasonably determined by the Administrative Agent, such other documents), in each case in form and substance reasonably satisfactory to the Administrative Agent and as the Administrative Agent deems reasonably necessary in order to ensure that any such wholly-owned Domestic Subsidiary (other than an Excluded Subsidiary) provides the guaranties and Liens contemplated by this Agreement and the Collateral Documents. The Company shall execute and deliver, and cause each Guarantor to execute and deliver, promptly upon the request of the Administrative Agent, such agreements and instruments evidencing any intercompany loans or other advances among any Loan Party and the Subsidiaries, or any of

them, and all such intercompany loans or other advances shall be, and are hereby made, subordinate and junior to the Secured Obligations and no payments may be made on such intercompany loans or other advances upon and during the continuance of an Event of Default unless otherwise agreed to by the Administrative Agent.

j. Change of Name or Location; Change of Fiscal Year. The Company shall give the Administrative Agent prior written notice of any (a) change in any Borrower's or any Guarantor's name as it appears in official filings in the state of its incorporation, organization or formation, as applicable, (b) change in any Borrower's or any Guarantor's chief executive office or principal place of business, (c) change in the type of entity that any Borrower or any Guarantor is, (d) change in any Borrower's or any Guarantor's corporate or organizational identification number, if any, issued by its state of incorporation, organization or formation, as applicable, or (e) change in any Borrower's or any Guarantor's state of incorporation, organization or formation, as applicable.

k. Additional Covenants. If at any time the Company or any of its Subsidiaries shall enter into or be a party to any secured credit facilities evidencing Indebtedness for borrowed money with commitments and loans exceeding $15,000,000, which includes any material covenants or defaults not substantially provided for in this Agreement or more favorable to the lender or lenders thereunder than those provided for in this Agreement (taken as a whole), then the Company shall promptly so advise the Administrative Agent and the Lenders. Thereupon, if the Administrative Agent or the Required Lenders shall request, upon notice to the Company, the Administrative Agent, the Lenders and the Borrowers shall enter into an amendment to this Agreement or an additional agreement (as the Administrative Agent may reasonably request), providing for substantially the same material covenants and defaults as those provided for in such secured credit facility to the extent required and as may be selected by the Administrative Agent.

l. [Reserved]

m. Depository Banks. Each Loan Party shall maintain the Administrative Agent as such Loan Party's principal disbursement and depository bank. For avoidance of doubt, Loan Parties shall be permitted to maintain disbursement and depository accounts at other Lenders so long as the Administrative Agent is the Loan Parties' principal disbursement and depository bank.

n. Anti-Corruption Laws. The Company will, and will cause each of its Subsidiaries to, maintain policies, procedures, and internal controls reasonably designed to ensure compliance with the applicable Anti-Corruption Laws.

ARTICLE 6
NEGATIVE COVENANTS

Until all of the Obligations shall have been Paid in Full, the Company covenants and agrees with the Lenders that:

SECTION 1.0am. Indebtedness. The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(1) Indebtedness created under the Loan Documents;

(2) Indebtedness existing as of the Fifth Amendment Effective Date and set forth in Schedule 6.01;

(3) (i) Indebtedness among the Company and its Subsidiaries to the extent permitted by Section 6.04 and (ii) Indebtedness owing by the Company to any Holdco Entity in an amount not to exceed the aggregate amount of Restricted Payments permitted to be made by the Company to the Holdco Entities in compliance with Section 6.06 so long as the repayment of such Indebtedness is subordinated to the Obligations in a manner reasonably acceptable to the Administrative Agent, it being agreed that payments on such Indebtedness may be made unless an Event of Default has occurred and is continuing or would be caused thereby;

(4) guarantees by the Company of Indebtedness of any Guarantor, by any Subsidiary of Indebtedness of the Company or any Guarantor and by any Loan Party with respect to any subsidiary, in each case to the extent permitted hereby;

(5) Indebtedness of the Company or any Subsidiary incurred to finance the acquisition, replacement, repair, maintenance, construction or improvement of any fixed or capital assets and the costs of the installation, prepaid maintenance and fees, costs and expenses in connection with the acquisition, replacement, repair maintenance, construction, improvement, assumption or installation, including Capital Lease Obligations, purchase money indebtedness and any Indebtedness assumed in connection with the acquisition, replacement, repair, maintenance, construction or improvement of any such assets and the costs of the installation, prepaid maintenance and fees, costs and expenses in connection with the acquisition, replacement, repair maintenance, construction, improvement, assumption or installation or secured by a Lien on any such assets prior to the acquisition or the completion of the replacement, repair, maintenance, construction or improvement thereof; provided that (i) such Indebtedness is incurred prior to or within three hundred sixty-five (365) days (or such longer period as the Administrative Agent may agree in its sole discretion) after such acquisition or the completion of such replacement, repair, maintenance, construction or improvement or assumption and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e) shall not exceed, on or after the Third Amendment Effective Date, the greater of (x) $8,000,000 or (y) 10% of Consolidated EBITDA (determined as of any date for the most recently ended four consecutive Fiscal Quarters) without the prior written consent of the Required Lenders;

(6) Indebtedness arising under Swap Agreements permitted under Section 6.05;

(7) Indebtedness resulting from Investments permitted by Section 6.04;

(8) Indebtedness arising under indemnity agreements to title insurers to cause such title insurers to issue title insurance policies in the ordinary course of business;

(9) Indebtedness incurred in respect of (i) Banking Services; (ii) (A) trade contracts, government contracts, performance bonds, bid bonds, appeal bonds, surety bonds, custom bonds, reclamation bonds and completion guarantees, return of money and similar obligations not in connection with money borrowed, including those incurred to secure health, safety and environmental obligations and (B) guaranties, letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments supporting the foregoing items described in subclause (A); (iii) Indebtedness owed to any Person consisting of unpaid premiums for insurance (including property, casualty, business interruption or liability insurance) of the Company or any of its Subsidiaries, so long as such Indebtedness shall not be in excess of the amount of the applicable unpaid premiums; (iv) take-or-pay obligations contained in supply arrangements, (v) obligations to reacquire assets or inventory in connection with customer financing arrangements; and/or (vi) Indebtedness of the Company or any Subsidiary consisting of obligations owing under incentive, supply, license or similar agreements, in each case, entered into in the ordinary course of business or consistent with past practice;

(10) Indebtedness arising from agreements of the Company or a Subsidiary of the Company providing for indemnification, adjustment of purchase price or other similar obligations, in each case, incurred or assumed in connection with (A) the Disposition of any business, assets or subsidiary of the Company or (B) any Permitted Acquisition or other Investments permitted under this Agreement;

(11) Indebtedness of any Person that becomes a Subsidiary on or after the date of this Agreement or otherwise assumed in connection with any Permitted Acquisition or other Investment permitted hereunder; provided that such Indebtedness, (i) exists at the time such Person becomes a Subsidiary or such Acquisition or other Investment occurs, (ii) is not created in anticipation or contemplation of such Person becoming a Subsidiary or such Acquisition or other Investment occurring, (iii) is not directly or indirectly recourse to any of the Loan Parties or any of their respective assets, other than to the Person that becomes a Subsidiary and its subsidiaries or the assets acquired and the improvements thereon and proceeds and products thereof (it being understood that individual financings of the type permitted under this clause (k) provided by any Person may be cross-collateralized to other financings of such type provided by such Person or its Affiliates), (iv) does not exceed the greater of (x) $10,000,000 or (y) 10% of Consolidated EBITDA (determined as of any date for the most recently ended four consecutive Fiscal Quarters), and (v) after giving effect to such Indebtedness, the Company would be in compliance, on a Pro Forma Basis, with the financial covenants set forth in Section 6.13;

(12) Indebtedness consisting of "earnouts" and other similar deferred consideration in respect of Permitted Acquisitions and other Investments permitted under this Agreement; provided that in the event the aggregate amount of any such earnouts or similar deferred consideration exceeds, for any Fiscal Year, $20,000,000 (valued at the maximum potential amount payable with respect to each such Indebtedness), Company shall cause any such additional earnout and deferred consideration to be subordinated to the Obligations on terms and conditions which are reasonably satisfactory to the Administrative Agent;

(13) Indebtedness consisting of promissory notes issued by the Company or any Subsidiary of the Company to current or former directors, officers, employees, managers and consultants of any Holdco Entity, the Company or any subsidiary (or their respective spouses, former spouses, domestic partners, former domestic spouses, successors, executors, administrators, heirs, legatees or distributees) to finance the redemption, purchase or other acquisition or retirement for value by any Holdco Entity of its Equity Interests; provided that at the time of the issuance of such promissory note such redemption, purchase or other acquisition or retirement (or the Restricted Payment to facilitate such redemption, purchase or other acquisition or retirement) is otherwise permitted by this Agreement;

(14) (i) unfunded pension fund and other employee benefit plan obligations and liabilities incurred by the Loan Parties and the Subsidiaries in the ordinary course of business and (ii) Indebtedness of the Company or any Subsidiary representing (x) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of the Company, any subsidiary or any Holdco Entity in the ordinary course of business and (y) deferred compensation or other similar arrangements in connection with any Permitted Acquisition or any other transaction permitted under this Agreement;

(15) (i) guaranties by the Company or any Subsidiary of the obligations of suppliers, customers and licensees in the ordinary course of business, (ii) Indebtedness incurred in the ordinary course of business in respect of obligations of the Company or any Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services or in respect of customer deposits or advance payments received in the ordinary course of business and (iii) Indebtedness in respect of letters of credit, bankers'

acceptances, bank guaranties or similar instruments supporting trade payables, warehouse receipts or similar facilities entered into in the ordinary course of business;

(16) Indebtedness of the Company or any Subsidiary in respect of any letter of credit or bank guarantee issued in favor of any Issuing Bank to support any Defaulting Lender's participation in Letters of Credit issued hereunder;

(17) Indebtedness of the Company or any Subsidiary supported by any Letter of Credit or any other letter of credit, bank guaranty or similar instrument otherwise permitted by this Section 6.01;

(18) Indebtedness in an aggregate outstanding principal amount not to exceed the amount of Restricted Payments permitted under Section 6.06(e) at the time of such incurrence; provided that any such Indebtedness incurred in lieu of such Restricted Payments shall reduce availability under the Restricted Payment basket under Section 6.06(e);

(19) all premiums (if any), interest (including post-petition interest and payment in kind interest), accretion or amortization of original issue discount, fees, expenses and charges with respect to Indebtedness of the Company or any Subsidiary otherwise permitted hereunder;

(20) Permitted Refinancing Indebtedness in respect of Indebtedness incurred pursuant to clauses (b), (e), (i), (j), (k), (l), (m), (r) and (u) of this Section 6.01; and

(21) Indebtedness not otherwise permitted by this Section 6.01 not in excess of the greater of (x) $8,000,000 or (y) 10% of Consolidated EBITDA (determined as of any date for the most recently ended four consecutive Fiscal Quarters) in the aggregate at any time outstanding.

SECTION 1.0an. Liens. The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it except:

(1) Permitted Encumbrances;

(2) any Lien on any property or asset of the Company or any Subsidiary existing on the Fifth Amendment Effective Date and set forth in Schedule 6.02 and the replacement, extension or renewal thereof in connection with any Permitted Refinancing Indebtedness in respect of the Indebtedness (or the replacement, extension or renewal of the obligations) secured thereby; provided that such Lien shall not apply to any other property or asset of the Company or any Subsidiary other than improvements thereon and the proceeds and products thereof (it being understood that individual financings of the type permitted under Section 6.01(b) provided by any Person may be cross-collateralized to other financings of such type permitted under this Agreement and provided by such Person or its Affiliates);

(3) Liens on fixed or capital assets acquired, replaced, repaired, constructed or improved by the Company or any Subsidiary and the replacement, extension or renewal thereof in connection with any Permitted Refinancing Indebtedness in respect of the Indebtedness (or the replacement, extension or renewal of the obligation) secured thereby; provided that (i) the Indebtedness secured thereby is permitted by Section 6.01(e), (ii) the Indebtedness secured thereby is incurred prior to or within three hundred sixty-five (365) days (or such longer period as the Administrative Agent may agree in its discretion) after such acquisition or the completion of such replacement, repair, maintenance, construction or improvement or assumption, (iii) the Indebtedness secured thereby does not exceed the cost of acquiring, replacing, repairing, constructing or improving such fixed or capital assets and the costs of the installation, prepaid maintenance and fees, costs and expenses in connection with the acquisition, replacement, repair

maintenance, construction, improvement, assumption or installation and (iv) such security interests shall not apply to any other property or assets of the Company or any Subsidiary other than improvements thereon and the proceeds and products thereof (it being understood that individual financings of the type permitted under Section 6.01(e) provided by any Person may be cross-collateralized to other financings of such type permitted under this Agreement and provided by such Person or its Affiliates);

(4) Liens on property of a Person existing at the time such Person is acquired or merged with or into or consolidated with any Loan Party or any Subsidiary or on assets otherwise acquired in a Permitted Acquisition or other Investment permitted hereunder, in each case, to the extent permitted hereunder; provided that such Liens (i) do not extend to property not subject to such Liens at the time of acquisition other than the improvements thereon and the proceeds and products thereof (it being understood that individual financings of the type permitted under Section 6.01(e) provided by any Person may be cross-collateralized to other financings permitted under this Agreement of such type provided by such Person or its Affiliates) and (ii) are not created in anticipation or contemplation of such acquisition, merger or consolidation or other Investment;

(5) Liens on rights under insurance policies and proceeds thereof securing obligations permitted by Section 6.01(i)(iii); and

(6) other Liens securing Indebtedness or other obligations; provided, that the aggregate outstanding amount of Indebtedness or other obligations secured by the Liens permitted by this subparagraph (f) shall not exceed the greater of (x) $8,000,000 or (y) 10% of Consolidated EBITDA (determined as of any date for the most recently ended four consecutive Fiscal Quarters).

Notwithstanding anything herein to the contrary, all Liens in favor of the Administrative Agent to secure the Secured Obligations are permitted hereunder.

SECTION 1.0ao. Fundamental Changes. (a) The Company will not, and will not permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or Dispose of (in one transaction or in a series of transactions and whether effected pursuant to a Division or otherwise) any of its assets (other than cash or Permitted Investments and/or other assets that were Permitted Investments when the relevant original Investment was made in the ordinary course of business), or liquidate or dissolve, except for the following:

(a) (A) Dispositions of inventory, goods and/or services in the ordinary course of business, (B) Dispositions of property that is or has become obsolete, damaged, worn out or surplus, (C) non-exclusive licenses or sublicenses of intellectual property, (D) the lapse, abandonment, cancellation or other Disposition of Intellectual Property that is, in the reasonable good faith judgment of the Company, no longer material to the conduct of the business of the Company and its Subsidiaries, taken as a whole, or no longer commercially reasonable to maintain, and (E) Dispositions of equipment or real property to the extent that such property is exchanged for credit against the purchase price of similar replacement property or the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(b) a true lease or sublease of property not constituting Indebtedness and not entered into as part of a sale and leaseback transaction;

(c) Dispositions (i) by and among the Company and any of its subsidiaries which if made by a Loan Party to a non-Loan Party for less than fair market value (as

reasonably estimated by the Company) is an Investment permitted under Section 6.04 and (ii) comprised of Permitted Intercompany Activities;

(d) any Restricted Payment by the Company or any Subsidiary not restricted pursuant to Section 6.06;

(e) (A) any Disposition or issuance by the Company of its own Equity Interests, (B) any Disposition or issuance by any Subsidiary of the Company of its own Equity Interests to its equity holders, provided, however, that the proportion of such Equity Interests and of each class of such Equity Interests (both on an outstanding and fully-diluted basis) held by the Loan Parties, taken as a whole, does not change as a result of such Disposition or issuance, except as otherwise permitted under this Agreement, (C) to the extent necessary to satisfy any Requirements of Law in the jurisdiction of incorporation, organization or formation, as applicable, of any Subsidiary of the Company, any Disposition or issuance by such Subsidiary of its own Equity Interests constituting directors' qualifying shares or nominal holdings, and (D) any Investments permitted by Section 6.04;

(f) Dispositions of accounts receivable in connection with the collection or compromise thereof in the ordinary course of business or in any situation of a work-out or financial distress, in each case, of the Person owing such accounts receivable;

(g) terminations or the unwinding of any Swap Agreement pursuant to its terms which Swap Agreement is not prohibited under this Agreement;

(h) to the extent constituting Dispositions, Liens permitted by Section 6.02;

(i) Dispositions of property subject to or resulting from casualty losses and condemnation proceedings (including in lieu thereof or any similar proceedings);

(j) foreclosures or transfers of condemned property as a result of the exercise of "eminent domain" or other similar policies to the respective Governmental Authority or agency that has condemned the same (whether by deed in lieu of condemnation or otherwise) and transfers of properties that have been subject to a casualty to the respective insurer of such property as part of an insurance settlement;

(k) leases, subleases, licenses or sublicenses or terminations thereof, in each case in the ordinary course of business and which do not materially interfere with the business of the Company and its Subsidiaries, taken as a whole;

(l) Dispositions, abandonments, cancellations or lapses of intellectual property rights, or issuance or registration, or applications for issuance or registration, of intellectual property rights, which, in the reasonable good faith determination of the Company, are not material to the conduct of the business of the Company or any of its Subsidiaries, or are no longer economical to maintain in light of its use;

(m) Dispositions of Investments in joint ventures to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(n) Dispositions made to comply with any order of any Governmental Authority or any applicable Requirement of Law;

(o) any sale of motor vehicles and information technology equipment purchased at the end of an operating lease and resold thereafter;

(p) the issuance of directors' qualifying shares and shares issued to foreign nationals as required by applicable Requirements of Law;

(q) Dispositions to effect the formation of any Subsidiary that is a Division Successor, provided that upon formation of such Division Successor, the Company has complied with Section 5.09, to the extent applicable;

(r) Dispositions in the aggregate not to exceed the greater of (x) $8,000,000 or (y) 10% of Consolidated EBITDA (determined as of any date for the most recently ended four consecutive Fiscal Quarters);

(s) to the extent constituting Dispositions, Investments permitted by Section 6.04;

(t) the merger, consolidation or amalgamation of (A) any Subsidiary of the Company into or with any Loan Party, (B) any Subsidiary of the Company that is not a Loan Party into or with any other Subsidiary of the Company that is not a Loan Party, or (C) any Subsidiary of the Company which is a Loan Party into or with any Subsidiary of the Company which is not a Loan Party so long as (x) such surviving Subsidiary becomes a Loan Party pursuant to Section 5.09 or (y) the merger, consolidation or amalgamation is permitted under Section 6.04;

(u) the merger of the Company and any Disposition, in each case, as contemplated by the Permitted SPAC Transaction Documents;

(v) the liquidation or dissolution of any Subsidiary if the Company determines in good faith that such liquidation or dissolution is in the best interests of the Company and is not materially disadvantageous to the Lenders;

(w) the merger, consolidation or amalgamation of the Company or any Subsidiary for the sole purpose, and with the sole material effect, of changing its jurisdiction of incorporation, organization or formation, as applicable, which, in the case of any Loan Party (other than a Foreign Subsidiary Borrower), shall be a State of the U.S. or the District of Columbia; provided, however, that (A) in the case of any merger, consolidation or amalgamation involving the Company, (1) the Company shall be the surviving Person or (2) if the Person formed by or surviving any such merger, consolidation or amalgamation or the Person to which such Disposition will have been made is not the Company (any such Person, the "Successor Borrower"), (I) the Successor Borrower shall be an entity organized or existing under the laws of the U.S., any state thereof or the District of Columbia, (II) the Successor Borrower shall expressly assume the Obligations of the Company in a manner reasonably satisfactory to the Administrative Agent and (III) each Guarantor, unless it is the other party to such merger, consolidation, amalgamation or Disposition, shall have executed and delivered a reaffirmation agreement with respect to its Guaranty Obligations; provided that, if the foregoing conditions under clauses (I) through (III) are satisfied, the Successor Borrower will succeed to, and be substituted for, the Company under this Agreement, (B) in the case of any merger, consolidation or amalgamation involving any Foreign Subsidiary Borrower, (1) if the Company or another Wholly-Owned Subsidiary shall be the surviving Person, (I) the Company or such Wholly-Owned Subsidiary shall have expressly assumed the Obligations of such Foreign Subsidiary Borrower, (II) if the surviving Person is a Wholly-Owned Subsidiary, such Wholly-Owned Subsidiary shall be designated by the

Company as a Foreign Subsidiary Borrower in accordance with the terms of this Agreement, (III) the Company and/or such Wholly-Owned Subsidiary shall have taken all actions required under the Loan Documents or otherwise reasonably requested by the Administrative Agent, and (IV) each Guarantor, unless it is the other party to such merger, consolidation, amalgamation or Disposition, shall have executed and delivered a reaffirmation agreement with respect to its Guaranty Obligations; or (2) if the Company or another Wholly-Owned Subsidiary shall not be the surviving Person, (I) all Obligations owing by such Foreign Subsidiary Borrower shall be Paid in Full, (II) the Company shall execute and deliver a Foreign Subsidiary Borrower Termination and (III) such transaction shall comply with the provisions of Section 6.04, and (C) in the case of any merger, consolidation or amalgamation involving any other Loan Party, (1) a Loan Party shall be the surviving corporation and all actions required to maintain the perfection of the Lien of the Administrative Agent on the Equity Interests or property of such Loan Party and required under the Loan Documents or otherwise reasonably requested by the Administrative Agent shall have been made or (2) such transaction shall comply with the provisions of Section 6.04; and

(x) the creation of, or reorganization into, one or more series by any Subsidiary of the Company; provided that to the extent such Subsidiary is a Loan Party (A) such series shall (x) be Loan Parties, (y) shall become Loan Parties pursuant to Section 5.09, or (z) shall be restricted under the Loan Documents as if such series is a Loan Party, or (B) such creation of such series shall be deemed to be an Investment in such series and shall be permitted solely to the extent permitted under Section 6.04.

(1) No Loan Party will, nor will it permit any Subsidiary to, consummate a Division as the Dividing Person without the prior written consent of Administrative Agent, except as otherwise permitted in Section 6.03(a). Without limiting the foregoing, if any Loan Party that is a limited liability company consummates a Division (with or without the prior consent of Administrative Agent as required above), each Division Successor shall be required to comply with the obligations set forth in Section 5.09 and the other further assurances obligations set forth in the Loan Documents and become a Loan Party under this Agreement and the other Loan Documents.

SECTION 1.0ap. Investments, Loans, Advances, Guarantees and Acquisitions. The Company will not, and will not permit any of its Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Subsidiary prior to such merger) any capital stock, evidences of indebtedness or other securities of, make or permit to exist any loans or advances to, guarantee any Indebtedness of any other Person, or make any Acquisition (any one of the actions described in the foregoing provisions of this Section 6.04, herein an "Investment"), except:

(1) Investments in cash and Permitted Investments and/or other assets that were Permitted Investments when the relevant original Investment was made in the ordinary course of business;

(2) (i) Investments existing as of the Fifth Amendment Effective Date and set forth in Schedule 6.04, (ii) Permitted Intercompany Activities and (iii) any modification, replacement, renewal or extension of any Investment described in clause (i) or clause (ii) above so long as no such modification, renewal or extension thereof increases the amount of such Investment except as otherwise permitted by this Section 6.04;

(3) (i) endorsements for collection or deposit in the ordinary course of business, (ii) extensions of trade credit arising or acquired in the ordinary course of business, (iii) Investments made in the ordinary course of business in connection with obtaining, maintaining or renewing

client contacts and loans or advances made to distributors in the ordinary course of business and (iv) Investments received in settlements in the ordinary course of business in connection with such extensions of trade credit, settlement of delinquent accounts or disputes with or judgments against any Person or any foreclosure or deed in lieu of foreclosure with respect to any Lien held as security for an obligation owing to the Company or any Subsidiary;

(4) Investments, including in the form of Guaranty Obligations, by and among the Company and any Subsidiary; provided, however, that any Investment consisting of loans or advances or any other debt for borrowed money by any Subsidiary that is not a Loan Party to a Loan Party shall be subordinated in full to the payment of the Obligations of such Loan Party under the Loan Documents on terms and conditions reasonably satisfactory to the Administrative Agent;

(5) (i) loans and advances to directors, officers, employees, managers and consultants of any Holdco Entity, the Company or any Subsidiary to finance reasonable and customary business-related travel, entertainment and relocation expenses for ordinary course purposes or (ii) otherwise in an aggregate outstanding principal amount of all loans and advances permitted pursuant to this clause (e)(ii) shall not exceed $500,000 in the aggregate;

(6) Investments in the form of loans and advances to officers, directors, employees, managers and consultants of any Holdco Entity, the Company or any Subsidiary for the sole purpose of purchasing Equity Interests (or purchase of such loans made by others) so long as such Holdco Entity makes a capital contribution of the proceeds of any such purchase of Equity Interests to the Company;

(7) intercompany loans and advances to any Holdco Entity to the extent that the Company may make Restricted Payments, directly or indirectly, to any Holdco Entity pursuant to Section 6.06 (and in lieu of making such Restricted Payments); provided that such intercompany loans and advances shall be unsecured (or not secured by the Collateral) and expressly subordinated to the Obligations on terms reasonably satisfactory to the Administrative Agent;

(8) receivables arising and trade credit granted in the ordinary course of business and any securities received in satisfaction or partial satisfaction thereof from account debtors to the extent reasonably necessary in order to prevent or limit loss and any prepayment and other credits, deposits or pledges (which deposits and pledges are not otherwise prohibited by this Agreement) to suppliers made in the ordinary course of business;

(9) Investments made by the Company or any Subsidiary as a result of non-cash consideration received in connection with Dispositions of assets made in compliance with Section 6.03;

(10) Guaranty Obligations permitted by Section 6.01;

(11) Investments constituting Capital Expenditures made in the ordinary course of business;

(12) Investments in Swap Agreements maintained in accordance with Section 6.01(f);

(13) Investments as a result of the receipt of non-cash consideration in the settlement of any litigation or claims;

(14) the Company and its Subsidiaries may hold Investments to the extent such Investments are otherwise permitted hereunder and reflect an increase in the value thereof;

(15) Investments funded with the proceeds of, or made in exchange for, the issuance of (or contributions in respect of) Qualified Equity Interests of the Company;

(16) Investments (i) in connection with reorganizations and tax planning, provided that (x) the Administrative Agent has approved of such Investments in its reasonable discretion, and (y) after giving effect to such reorganization, tax planning and/or related activities, the Lien of the Administrative Agent in the Collateral is not materially impaired, taken as a whole (as reasonably determined by the Administrative Agent), and (ii) by any Loan Party in any Subsidiary of the Company that is not a Loan Party consisting of the contribution of Equity Interests of any Person that is not a Loan Party;

(17) Investments consisting of Indebtedness permitted by Section 6.01, Liens permitted by Section 6.02, Dispositions or fundamental changes permitted by Section 6.03 and Restricted Payments permitted or not restricted by Section 6.06;

(18) purchases of inventory, supplies and materials in the ordinary course of business;

(19) Investments consisting of the licensing of intellectual property pursuant to joint marketing arrangements with other Persons entered into in the ordinary course of business;

(20) to the extent constituting Investments, guarantees of leases or of other obligations not constituting Indebtedness of the Company and/or its Subsidiaries;

(21) unfunded pension fund and other employee benefit plan obligations and liabilities to the extent that the same are permitted to remain unfunded under applicable Requirements of Law;

(22) Investments made (i) by the Company or any Subsidiary in the Company or any Guarantor that is a Domestic Subsidiary, (ii) by the Company or any Guarantor in the Company's Foreign Subsidiaries or any Domestic Subsidiary that is not a Guarantor in an amount not to exceed $20,000,000 in the aggregate at any time outstanding for all such Investments, loans or advances (without giving effect to any write-downs or write-offs thereof) on or after the Third Amendment Effective Date without prior written consent of the Required Lenders (provided that, if the Foreign Subsidiary or Domestic Subsidiary that is not a Guarantor becomes a Loan Party and a Guarantor, the Investment in such Subsidiary shall not be deemed to be outstanding for purposes of this clause (ii)), and (iii) by any subsidiary that is not a Loan Party in any Loan Party or any other subsidiary;

(23) (i) Permitted Acquisitions, provided that the aggregate consideration (including the maximum potential total amount of all deferred payment obligations (including earn-outs) as reasonably estimated by the Company and all Indebtedness assumed or incurred) paid or payable for all acquisitions of (A) the Equity Interests of any Person that does not become a Loan Party and (B) in the case of an asset acquisition, assets of any Person that are not acquired by the Company or any Loan Party (or a Person that will become a Loan Party), when taken together with the total consideration for all such Persons or assets so acquired in any Fiscal Year (commencing such measurement for the 2021 Fiscal Year on or after the Third Amendment Effective Date), shall not exceed $10,000,000 in any Fiscal Year without the prior written consent of the Required Lenders provided that the limitation described in this clause (i) shall not apply to any Acquisition to the extent the Person so acquired becomes (or assets are acquired by) a Loan Party (or a Person that will become a Loan Party) even though such Person owns Equity Interests of Persons that are not otherwise required to become Loan Parties (or assets are acquired by Persons that are not Loan Parties) if, in the case of this clause (i), not less than 90% of the Consolidated EBITDA of the Person (or assets) so acquired in such Acquisition (as reasonably estimated by the Company on the date of the definitive agreement for such

Investment) is generated by Persons that will become Loan Parties (i.e., disregarding any Consolidated EBITDA of such Loan Parties that are not (or will not become) Loan Parties), (ii) Investments made as part of a Permitted Acquisition and (iii) (x) Investments of any Person (or assets) that is acquired, or of any Person merged into or consolidated or amalgamated with, the Company or any Subsidiary after the Third Amendment Effective Date, in each case as part of an Investment otherwise permitted by this Section 6.04 to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of the relevant acquisition, merger, amalgamation or consolidation and (y) any modification, replacement, renewal or extension of any Investment permitted under clause (x) above so long as no such modification, replacement, renewal or extension thereof increases the amount of such Investment except as otherwise permitted by this Section 6.04;

(24) Investments made pursuant to the Master Alliance Agreement; provided, that no further Investments may be made pursuant to the Master Alliance Agreement if a Default exists or would be caused thereby;

(25) so long as no Specified Event of Default exists or would be caused thereby, additional Investments in the Reinsurance Subsidiary in an amount not to exceed, in the aggregate on or after the Third Amendment Effective Date, the greater of (i) $15,000,000 or (ii) 15% of Consolidated EBITDA (determined as of any date for the most recently ended four consecutive Fiscal Quarters) without the prior written consent of the Required Lenders;

(26) Loans and advances by the Reinsurance Subsidiary to the Company on terms reasonably acceptable to the Administrative Agent;

(27) Permitted Joint Ventures; provided that (i) both before and after giving effect to any Investment in such Permitted Joint Venture and the Loans (if any) requested to be made in connection therewith, (x) each of the representations and warranties in the Loan Documents is true and correct in all material respects, (y) no Event of Default exists or would be caused thereby and the Company is in pro forma compliance with all financial covenants in this Agreement and (z) the Company was and will be able to borrow at least $5,000,000 of additional Loans; (ii) prior to the closing of any such Permitted Joint Venture which involves an Investment in excess of $10,000,000, the Company shall provide copies of such documents being executed or delivered in connection with such Permitted Joint Venture as may be requested by the Administrative Agent, (iii) the consideration (including the maximum potential total amount of all deferred payment obligations (including earn-outs) and all Indebtedness assumed or incurred as reasonably estimated by the Company in consultation with Administrative Agent on the date of execution of any definitive agreement for such Investment) paid or payable for all Permitted Joint Ventures which become effective on or after the Third Amendment Effective Date shall not to exceed, in the aggregate at any time outstanding (provided that, if the Company acquires the remaining Equity Interests of any Permitted Joint Ventures in a Permitted Acquisition and such Permitted Joint Venture becomes a wholly-owned Subsidiary and a Loan Party, the Investment in such Permitted Joint Venture shall not be deemed to be outstanding for purposes of this clause (iii)), the greater of (i) $40,000,000 or (ii) 20% of Consolidated EBITDA (determined as of any date for the most recently ended four consecutive Fiscal Quarters) without the prior written consent of the Required Lenders, and (iv) if such Permitted Joint Venture is also an Acquisition, it shall also satisfy all requirements for a Permitted Acquisition under Section 6.04(d) above;

(28) so long as no Specified Event of Default exists or would be caused thereby, other Investments not in excess of the greater of (x) $12,000,000 or (y) 10% of Consolidated EBITDA (determined as of any date for the most recently ended four consecutive Fiscal Quarters) in the aggregate at any time outstanding (without giving effect to any write-downs or write-offs thereof) (provided that, if the Company acquires the Equity Interests of any Person in a Permitted

Acquisition and such Person becomes a wholly-owned Subsidiary and a Loan Party, the Investment in such Person shall not be deemed to be outstanding for purposes of this clause (bb)); and

(29) the Permitted SPAC Transaction, including any transaction or agreements contemplated by the Permitted SPAC Transaction Documents.

For purposes of this Section 6.04, the amount of any Investment outstanding at any time shall be the total of (x) the original cost of such Investment (meaning the cash amount thereof, if in cash, or the fair market value thereof as determined by the management of the Company, if in property), without any adjustment for increases or decreases in value or any write-up or write-down with respect to such investment; provided, that any Investment in the form of guarantees shall be valued at the reasonably expected liability thereof, minus (y) an amount equal to the lesser of the return of cash with respect to any such Investment, the repayment, prepayment or return in the case of any deposit, loan, advance, or other extension of credit and the termination or cancellation of any guarantee and the initial amount of such Investment.

SECTION 1.0aq. Swap Agreements. The Company will not, and will not permit any of its Subsidiaries to, enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which the Company or any Subsidiary has actual exposure (other than those in respect of Equity Interests of the Company or any of its Subsidiaries), including to hedge or mitigate foreign currency risks and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Company or any Subsidiary.

SECTION 1.0ar. Restricted Payments. The Company will not, and will not permit any of its Subsidiaries to, declare or make any Restricted Payment, except:

(1) such Person may declare and make Restricted Payments with respect to its Equity Interests payable solely in additional shares of its Equity Interests (and that are not Disqualified Equity Interests);

(2) Subsidiaries may declare and pay dividends with respect to their Equity Interests (and, in the case of a non-wholly owned Subsidiary, based on the relative ownership interests or, in greater proportion in the case of payments to the Company or any of its Subsidiaries);

(3) [reserved];

(4) [reserved];

(5) Restricted Payments made in exchange for, or funded out of the proceeds of, the sale or contribution in respect of Qualified Equity Interests of the Company;

(6) Restricted Payments consisting of Permitted Intercompany Activities;

(7) the Company may make Restricted Payments constituting fixed dividend payments in respect of Disqualified Equity Interests, to the extent such Disqualified Equity Interests constitutes Indebtedness and were incurred in compliance with Section 6.01 and such Restricted Payments are included in the calculation of Consolidated Interest Expense;

(8) cash dividends or distributions on the Equity Interests of the Company (or, in the case of clause (iii) below, the issuance of, or cash payments on, promissory notes issued in accordance with Section 6.01(m)) issued or paid solely for the purpose of funding the following:

(a) permitting such Holdco Entity to pay, in the event the Company is a pass-through entity or files a consolidated, combined, unitary or similar type tax return with such Holdco Entity, U.S. federal, state and local income taxes then due and payable pursuant to those returns to the extent such taxes are imposed solely with respect to the income attributable to the Company and its subsidiaries;

(b) ordinary organizational, operating and other transaction costs and expenses (including overhead and administrative costs and expenses, professional fees and Public Company Costs) of any Holdco Entity;

(c) the redemption, purchase or other acquisition or retirement for value by any Holdco Entity of its Equity Interests from current or former directors, officers, employees, managers and consultants of the Company, any Subsidiary or any Holdco Entity (or, in each case, their respective spouses, former spouses, domestic partners, former domestic partners, successors, executors, administrators, heirs, legatees or distributees) and the issuance of, and the payments on, promissory notes issued in respect of such redemption, purchase or other acquisition for retirement; provided, however, that the amount of such cash dividends or distributions in any Fiscal Year shall not exceed in the aggregate an amount equal to $1,000,000, plus unused amounts from the previous two Fiscal Years; provided that the amounts carried forward from previous Fiscal Years shall be deemed utilized first;

(d) to finance any Investment permitted under Section 6.04 (provided that (x) any Restricted Payments under this clause (h)(iv) shall be made substantially concurrently with the closing of such Permitted Investment and (y) any Holdco Entity shall, promptly following the closing thereof, cause (A) all property acquired to be contributed to the Company or to any Subsidiary or (B) the merger, consolidation or amalgamation of the Person formed or acquired into the Company or to any Subsidiary in order to consummate such permitted Investment in compliance with the applicable requirements of Section 6.04 as if undertaken as a direct permitted Investment by the Company or such subsidiary);

(e) the Company may make Restricted Payments to a Holdco Entity to permit it to pay cash in lieu of fractional shares in connection with any exercise of warrants, options, or other securities convertible into or exchangeable for Equity Interests of a Holdco Entity or in connection with any other dividend, split or combination thereof or any Permitted Acquisition, in each case, otherwise permitted hereunder; and

(f) the proceeds of which shall be used by the Company to pay (or to make Restricted Payments to allow any direct or indirect parent thereof to pay) fees and expenses (other than to Affiliates) related to any equity or debt offering, financing transaction, acquisition, divestiture, Investment or other non-ordinary course transaction not prohibited by this Agreement (whether or not successful); provided that any such transaction is intended to be solely for the benefit of the Company and its Subsidiaries.

(9) Restricted Payments consisting solely of Qualified Equity Interests of the Company;

(10) Restricted Payments made on or after the Permitted SPAC Transaction Effective Date in connection with the Permitted SPAC Transaction;

(11) the Company may declare and pay Permitted LLC Distributions;

(12) prior to the Permitted SPAC Transaction Effective Date, the Company may redeem up to 3% of its membership units per year provided that (i) no Default exists or would be caused thereby and (ii) such redemption is made solely and contemporaneously with the cash proceeds of new common Equity Interests (and that are not Disqualified Equity Interests) issued by the Company; and

(13) the Company may make Restricted Payments with respect to its Equity Interests other than those payments referenced above in this Section 6.06 if each of the following conditions is satisfied:

(a) before and after giving effect to such Restricted Payment, on a Pro Forma Basis, no Default exists or would be caused thereby;

(b) prior to a Qualified Public Offering, the aggregate amount of such Restricted Payments made pursuant to this clause (m) shall not exceed, for each Fiscal Year, commencing with the Fiscal Year ending December 31, 2020, the Annual Permitted Distribution Amount for such Fiscal Year; and

(c) after a Qualified Public Offering, as of the date of such Restricted Payment, Company is at least 0.50x below the then applicable Net Leverage Ratio set forth in Section 6.13(a) determined on a pro forma basis both before and after giving effect to such Restricted Payment for the most recently ended four consecutive Fiscal Quarters as if made on the last day of such period.

Notwithstanding anything in this Agreement to the contrary, the Company acknowledges and agrees that, in addition to, and without limiting, any other rights and remedies of the Administrative Agent, upon the occurrence and during the continuance of any Event of Default, upon the request of the Administrative Agent or the Required Lenders, the Company will (subject to Requirements of Law) promptly cause the Reinsurance Subsidiary to pay to a Loan Party the maximum amount of Permitted Reinsurance Subsidiary Dividends (if any).

SECTION 1.0as. Transactions with Affiliates. The Company will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except:

(1) transactions in the ordinary course of business;

(2) transactions at prices and on terms and conditions not less favorable to the Company or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties;

(3) transactions between or among the Company and its Subsidiaries permitted or not restricted hereunder;

(4) any Restricted Payment permitted by Section 6.06;

(5) employment, severance, termination, expense reimbursement and indemnity arrangements between the Company or any Subsidiary on the one hand and any of their and any Holdco Entities' respective directors, officers, employees, managers and consultants (including management and employee benefit plans or agreements, subscription agreements or similar agreements pertaining to the grant, purchases or repurchase of Equity Interests pursuant to put/call rights or similar rights with current or former directors, officers, employees, managers and

consultants and stock option or incentive plans and other compensation arrangements) on the other hand in the ordinary course of business or otherwise permitted under this Agreement;

(6) transactions pursuant to permitted agreements in existence on the Fifth Amendment Effective Date and set forth on Schedule 6.07 or any amendment thereto to the extent such an amendment, taken as a whole, is not adverse to the Lenders in any material respect;

(7) payment of customary director compensation and expense reimbursements, including fees and expenses of directors and advisors of any Holdco Entity;

(8) (i) any issuance of securities or rights pursuant to stock options, stock ownership plans (including restricted stock plans), stock grants, directed share programs and other equity based incentive plans and (ii) the execution, delivery and performance of any stockholder or registration rights agreement approved by the board of directors (or other appropriate governing body) of the Company or any Holdco Entity;

(9) the Company or any Subsidiary may enter into any indemnification agreement or any similar arrangement with directors, officers, employees, managers and consultants of the Company or any Subsidiary (or any Holdco Entity) in the ordinary course of business and may pay fees and indemnities to directors, officers, consultants and employees of the Company or any Subsidiary (or any Holdco Entity) in the ordinary course of business;

(10) any purchase by the Company of Equity Interests of its Subsidiaries or any contribution by the Company to the equity capital of its Subsidiaries (whether directly or indirectly);

(11) assignments of Obligations to Persons that are Affiliates of the Company to the extent permitted under Section 9.04(b);

(12) to the extent constituting a transaction with an Affiliate, any payments permitted by Section 6.11;

(13) the issuance by the Company or any Subsidiary of Equity Interests in accordance with the organizational documents of such Person;

(14) on and after the Permitted SPAC Transaction Effective Date, transactions approved by the requisite members of the audit committee or a majority of the disinterested members of the board of directors of the Permitted SPAC;

(15) the transactions contemplated by the Master Alliance Agreement;

(16) the Permitted SPAC Transaction, including any transaction or agreements contemplated by the Permitted SPAC Transaction Documents; and

(17) Permitted Intercompany Activities.

SECTION 1.0at. Restrictive Agreements. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Company or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets to secure the Obligations or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to its Equity Interests or to make or repay loans or

advances to the Company or any other Subsidiary or to guarantee Indebtedness of the Company or any Subsidiary, except:

(1) restrictions and conditions imposed by law, by this Agreement or by any other Loan Document;

(2) (i) limitations on Liens (other than those securing any Secured Obligation) or other restrictions on any property whose acquisition, repair, improvement or construction is financed by purchase money Indebtedness, Capital Lease Obligations or Permitted Refinancing Indebtedness permitted hereunder in reliance upon Section 6.01(b) or (c) set forth in the contractual obligations governing such Indebtedness, Capital Lease Obligations or Permitted Refinancing Indebtedness or Guaranty Obligations with respect thereto or (ii) other limitations that are or were created by virtue of any Lien granted upon, transfer of, agreement to transfer or grant of, any option or right with respect to any property, assets or Equity Interests not otherwise prohibited under this Agreement;

(3) provisions restricting assignments, subletting or other transfers contained in leases, subleases, licenses, sublicenses, joint venture agreements and similar agreements entered into by the Company or any Subsidiary in the ordinary course of business;

(4) customary provisions restricting assignment of, or the pledge of rights under, any agreement entered into by the Company or any Subsidiary in the ordinary course of business;

(5) restrictions and conditions contained in any agreement relating to the Disposition of any property pending the consummation of such Disposition; provided that (i) such restrictions and conditions apply only to the property to be Disposed and (ii) such Disposition is permitted hereunder;

(6) any agreement in effect at the time such Subsidiary becomes a Subsidiary of the Company, so long as such agreement was not entered into in connection with or in contemplation of such person becoming a Subsidiary of the Company;

(7) any encumbrances or restrictions imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clause (f) above; provided that such amendments or refinancings are no more restrictive, taken as a whole, with respect to such encumbrances and restrictions than those prior to such amendment or refinancing;

(8) provisions restricting the Disposition of Intellectual Property or the assignment of licenses thereof contained in licenses entered into the ordinary course of business and in accordance with the terms hereof;

(9) any encumbrance or restriction with respect to an interest in or Restricted Payments, Investments or Dispositions by such joint venture, limited liability company, partnership or similar Person imposed by any joint venture agreement, limited liability company agreement, partnership agreement or similar organizational agreement or the Indebtedness of any joint venture, limited liability company, partnership or similar Person maintained in accordance with Section 6.04;

(10) (i) any encumbrance or restrictions pursuant to the documentation governing any Indebtedness of any Subsidiary that is not a Loan Party permitted hereunder and (ii) any encumbrance or restrictions pursuant to the documentation governing any Indebtedness permitted hereunder; provided that, in the case of this clause (ii), such restrictions are no more onerous than those contained in this Agreement;

(11) in provisions in agreements or instruments which prohibit the payment of dividends or the making of other distributions with respect to any class of Equity Interests of a Person other than on a pro rata basis;

(12) imposed by customary provisions to maintain cash or other deposits or minimum net worth imposed by any Person under any contract entered into by the Company or any Subsidiary in the ordinary course of business or for whose benefit such cash or other deposits or restrictions exist;

(13) customary net worth or similar provisions contained in real property leases entered into by the Company or any Subsidiary in the ordinary course of business so long as the Company has reasonably determined in good faith that such net worth or similar provisions could not reasonably be expected to impair the ability of the Company or any Subsidiary to meet its ongoing obligations under the Loan Documents;

(14) those arising under or as a result of any Requirement of Law or the terms of any license, authorization, concession or permit provided by any Governmental Authority;

(15) those arising in any Swap Agreement not prohibited hereunder;

(16) restrictions and conditions existing on the Fifth Amendment Effective Date identified on Schedule 6.08 (but shall apply to any extension or renewal of, or any amendment or modification materially expanding the scope of, any such restriction or condition);

(17) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder; and

(18) those imposed by any amendment, modification, restatement, renewal, supplement, refunding, replacement or refinancing of any contract, instrument or obligation referred to in clauses (a) through (q) above; provided that such amendment, modification, restatement, renewal, supplement, refunding, replacement or refinancing is, in the reasonable good faith judgment of the Company, no more restrictive with respect to such restrictions taken as a whole than those in existence prior to such amendment, modification, restatement, renewal, supplement, refunding, replacement or refinancing.

SECTION 1.0au. [Reserved].

j. Amendments to Certain Agreements. The Company will not, and will not permit any of its Subsidiaries to, amend, supplement or otherwise modify (a) the Master Alliance Agreement or its articles of incorporation, charter, certificate of formation, operating agreement, by-laws or other organizational document (including all LLC Agreements) in any manner materially adverse to the Lenders other than pursuant to the Permitted SPAC Transaction, (b) the Permitted SPAC Transaction Documents in any manner materially adverse to the Lenders or (c) any instrument or agreement evidencing or relating to any Subordinated Debt (other than (i) any intercompany Indebtedness or (ii) on subordination terms thereof as otherwise agreed to by the Administrative Agent) if the effect of such amendment, supplement or modification is materially adverse to the Lenders or would not be permitted under the applicable Subordination Agreement, it being understood and agreed that no refinancing, refunding, extension, defeasance, discharge, renewal or replacement meeting the Refinancing Indebtedness Requirements would materially and adversely affect the interests of the Lenders.

k. Prepayment of Indebtedness; Subordinated Debt. The Company will not, and will not permit any of its Subsidiaries to, (x) purchase, redeem, defease, prepay or otherwise satisfy

more than twelve (12) months prior to the scheduled maturity thereof any principal of, any Subordinated Debt, (y) set apart any property for such purpose, whether to a sinking fund, a similar fund or otherwise or (z) make any payment in violation of any subordination terms of such Subordinated Debt; provided, however, that the Company and its Subsidiaries may (a) incur Permitted Refinancing Indebtedness in respect of Subordinated Debt that is otherwise permitted under this Agreement, (b) make regularly scheduled or otherwise required repayments or redemptions of Subordinated Debt to the extent permitted by the subordination provisions applicable thereto and (c) take such action to the extent necessary to prevent such Indebtedness from being an "applicable high yield discount obligation" within the meaning of Section 163(i) of the Code.

l. [Reserved].

m. Financial Covenants. The Company will not:

(1) Net Leverage Ratio. Permit or suffer the Net Leverage Ratio as of the last day of any Fiscal Quarter to exceed (i) 4.25 to 1.0 as of the end of any Fiscal Quarter ending prior to December 31, 2023, (ii) 3.75 to 1.0 as of the end of any Fiscal Quarter ending on or after December 31, 2023 but prior to June 30, 2024, (iii) 3.00 to 1.0 as of the end of any Fiscal Quarter ending on or after June 30, 2024.

(2) Fixed Charge Coverage Ratio. Permit or suffer the Fixed Charge Coverage Ratio to be less than 1.20 to 1.0 as of the last day of any Fiscal Quarter.

n. Permitted SPAC Transaction. Notwithstanding anything to the contrary contained in this Article VI, the Credit Parties acknowledge and agree that the Permitted SPAC Transaction is permitted under this Agreement and the other Loan Documents.

ARTICLE 7
EVENTS OF DEFAULT

SECTION 1.0av. Events of Default. If any of the following events ("Events of Default") shall occur:

(1) any Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(2) any Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Section 7.01) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days;

(3) any representation or warranty made or deemed made by or on behalf of any Loan Party or any Subsidiary in connection with any Loan Document or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document, shall prove to have been materially incorrect when made or deemed made;

(4) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02(a), 5.03(a)(i) (in respect of the existence of each Borrower only), or Section 5.08 or in Article VI;

(5) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document (other than those specified in clause (a), (b) or (d) of this Section 7.01), and such failure shall continue unremedied for a period of (i) 5 days after the earlier of any Loan Party's knowledge of such breach or notice thereof from the Administrative Agent if such breach relates to terms or provisions of Section 5.01, 5.02 (other than Section 5.02(a)), 5.03 (other than Section 5.03(a)(i)) through 5.07, or 5.12 of this Agreement or (ii) thirty (30) days after the earlier of any Loan Party's knowledge of such breach or written notice thereof from the Administrative Agent to the Company (which notice will be given at the request of any Lender);

(6) any Loan Party or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) beyond any applicable grace period in respect of any Material Indebtedness, when and as the same shall become due and payable;

(7) (1) any other event or condition occurs that results in any Material Indebtedness (other than Indebtedness under Swap Agreements) becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness (other than Indebtedness under Swap Agreements) or any trustee or agent on its or their behalf to cause any Material Indebtedness (other than Indebtedness under Swap Agreements) to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity or (2) any Borrower or Subsidiary fails to observe or perform any other agreement or condition relating to any Material Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Material Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, after the expiration of any applicable grace or cure period relating thereto, with the giving of notice if required, such Material Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided that this clause (g) shall not apply to (i) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness (including as a result of a casualty or condemnation event), (ii) guarantees of Indebtedness that are satisfied promptly on demand, or (iii) with respect to Indebtedness incurred under any Swap Agreement, termination events or equivalent events pursuant to the terms of the relevant Swap Agreement which are not the result of any default thereunder by any Loan Party;

(8) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Borrower or any Subsidiary (other than any Immaterial Subsidiary) or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or Subsidiary (other than any Immaterial Subsidiary) or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(9) any Borrower or any Subsidiary (other than any Immaterial Subsidiary) shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section 7.01, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Subsidiary (other than any Immaterial Subsidiary) or

for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(10) any Borrower or any Subsidiary (other than any Immaterial Subsidiary) shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(11) one or more final judgments for the payment of money in an aggregate amount in excess of $5,000,000 (to the extent not covered by insurance or indemnity as to which the insurer or indemnitor has not denied coverage) shall be rendered against the Company or any Subsidiary or any combination thereof and the same shall remain undischarged for a period of forty-five (45) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any material assets of the Company and its Subsidiaries, taken as a whole, to enforce any such judgment or any Loan Party or any Subsidiary shall fail within forty-five (45) days to discharge one or more non-monetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgments or orders, in any such case, are not stayed on appeal or otherwise being appropriately contested in good faith by proper proceedings diligently pursued;

(12) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(13) a Change in Control shall occur;

(14) any Collateral Document shall fail to remain in full force or effect or any Loan Party contests in writing the validity or enforceability of any Collateral Document, or any Collateral Document granting a Lien shall for any reason fail to create a valid and perfected first priority (subject to Liens permitted under the Loan Documents) security interest in any Collateral purported to be covered thereby or subordination to be created thereunder, except as permitted by the terms of this Agreement or any Collateral Document; or

(15) any material provision of any other Loan Document for any reason ceases to be valid, binding and enforceable against any Loan Party in accordance with its terms (or any Loan Party shall challenge in writing the enforceability of any Loan Document or shall assert in writing, or engage in any action or inaction based on any such written assertion, that any provision of any of the Loan Documents has ceased to be or otherwise is not valid, binding and enforceable against such Loan Party in accordance with its terms), in each case other than as permitted by this Agreement;

then, and in every such event (other than an event with respect to any Borrower described in clause (h) or (i) of this Section 7.01), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrowers, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower; and in case of any event with respect to any Borrower described in clause (h) or (i) of this Section 7.01, the

Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower and (iii) exercise any rights and remedies provided to the Administrative Agent under the Loan Documents or at law or equity, including all remedies provided under the UCC.

SECTION 1.0aw. Equity Cure. Notwithstanding anything to the contrary contained in this Article VII, in the event that the Company fails to comply with the requirements of Section 6.13 as of the end of any relevant period, until the date that is fifteen (15) days after the date the Compliance Certificate with respect to such period are required to be delivered pursuant to Section 5.01(c) (the "Cure Period"), Company shall have the right to obtain a common equity investment in cash or otherwise obtain cash common equity contribution proceeds from any Holdco Entity (the "Cure Right"), and upon receipt by the Company of such cash contributions (the "Cure Amount"), the Company's compliance with Section 6.13 shall be recalculated giving effect to the following pro forma adjustments: (i) Consolidated EBITDA shall be increased, solely for the purposes of determining compliance with Section 6.13, including determining compliance with Section 6.13 as of the end of such period and applicable subsequent periods that include the fiscal quarter for which the Cure Right is exercised, by an amount equal to the Cure Amount; and (ii) if, after giving effect to the foregoing calculations (but not, for the avoidance of doubt, giving pro forma effect to any repayment of Indebtedness in connection therewith for the fiscal quarter for which cure was made), the requirements of Section 6.13 shall be satisfied, then the requirements of Section 6.13 shall be deemed satisfied as of the end of the relevant period with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of Section 6.13 that had occurred shall be deemed cured for the purposes of this Agreement. Notwithstanding anything herein to the contrary, (A) the Cure Right shall not be exercised more than four times, (B) in each consecutive four (4) fiscal quarter period, there shall be a period of at least two (2) fiscal quarters in which the Cure Right is not exercised, (C) the Cure Amount shall be no greater than the amount required for purposes of complying with Section 6.13, (D) the Cure Amount shall be disregarded for purposes of determining compliance with any other provision of this Agreement (including the determination of the Applicable Margin or any provision that requires compliance with Section 6.13 on a pro forma basis) and (E) to the extent that the proceeds of the Cure Amount are used to repay Indebtedness, such Indebtedness shall not be deemed to have been repaid for purposes of calculating the financial covenants set forth in Section 6.13 for the fiscal quarter with respect to which such Cure Right was made. Neither the Administrative Agent nor any Lender shall have the right to terminate the Commitments, declare all or any portion of the unpaid principal amount of any outstanding Loans, interest accrued and unpaid thereof, and all amounts owing or payable hereunder or under any other Loan Document to be due and payable and/or exercise any other rights and remedies available under the Loan Documents or applicable law (including, without limitation, any right to foreclose on or take possession of Collateral) solely on the basis of an allegation of an Event of Default having occurred and continuing as a result of the Company's non-compliance with Section 6.13 with respect to any period after delivery to the Administrative Agent of written notice by the Company of its intention to exercise its cure rights under Section 6.13 until the Cure Period has elapsed; provided that neither the Lenders nor the Issuing Bank shall have any obligation to make Revolving Loans or issue Letters of Credit, as applicable, pending actual receipt in immediately available funds of the Cure Amount.

ARTICLE 8
THE ADMINISTRATIVE AGENT

SECTION 1.0ax. Authorization and Action.

(1) Each Lender, on behalf of itself and any of its Affiliates that are Secured Parties and each Issuing Bank hereby irrevocably appoints the entity named as Administrative Agent in the heading of this Agreement and its successors and permitted assigns to serve as the administrative agent and collateral agent under the Loan Documents and each Lender and each Issuing Bank authorizes the Administrative Agent to take such actions as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Administrative Agent under such agreements and to exercise such powers as are reasonably incidental thereto. In addition, to the extent required under the laws of any jurisdiction other than within the United States, each Lender and each Issuing Bank hereby grants to the Administrative Agent any required powers of attorney to execute and enforce any Collateral Document governed by the laws of such jurisdiction on such Lender's or such Issuing Bank's behalf. Without limiting the foregoing, each Lender and each Issuing Bank hereby authorizes the Administrative Agent to execute and deliver, and to perform its obligations under, each of the Loan Documents to which the Administrative Agent is a party, and to exercise all rights, powers and remedies that the Administrative Agent may have under such Loan Documents.

(2) As to any matters not expressly provided for herein and in the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, pursuant to the terms in the Loan Documents), and, unless and until revoked in writing, such instructions shall be binding upon each Lender and each Issuing Bank; provided, however, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to liability unless the Administrative Agent receives an indemnification and is exculpated in a manner satisfactory to it from the Lenders and the Issuing Banks with respect to such action or (ii) is contrary to this Agreement or any other Loan Document or applicable law, including any action that may be in violation of the automatic stay under any Requirement of Law relating to bankruptcy, insolvency or reorganization or relief of debtors or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Requirement of Law relating to bankruptcy, insolvency or reorganization or relief of debtors; provided, further, that the Administrative Agent may seek clarification or direction from the Required Lenders prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company, any other Loan Party, any Subsidiary or any Affiliate of any of the foregoing that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any 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 for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(3) In performing its functions and duties hereunder and under the other Loan Documents, the Administrative Agent is acting solely on behalf of the Lenders and the Issuing Banks (except in limited circumstances expressly provided for herein relating to the maintenance of the Register and limited discretionary powers as contemplated in this Agreement), and its duties are entirely mechanical and administrative in nature. Without limiting the generality of the foregoing:

(a) the Administrative Agent does not assume and shall not be deemed to have assumed any obligation or duty or any other relationship as the agent, fiduciary or trustee of or for any Lender, Issuing Bank, any other Secured Party or holder of any other

obligation regardless of whether a Default or an Event of Default has occurred and is continuing (and it is understood and agreed that the use of the term "agent" (or any similar term) herein or in any other Loan Document with reference to the Administrative Agent is not intended to connote any fiduciary duty or other implied (or express) obligations arising under agency doctrine of any applicable law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties); additionally, each Lender agrees that it will not assert any claim against the Administrative Agent based on an alleged breach of fiduciary duty by the Administrative Agent in connection with this Agreement and/or the transactions contemplated hereby;

(b) nothing in this Agreement or any Loan Document shall require the Administrative Agent to account to any Lender for any sum or the profit element of any sum received by the Administrative Agent for its own account; and

(c) to the extent that English law is applicable to the duties of the Administrative Agent under any of the Loan Documents, Section 1 of the Trustee Act 2000 of the United Kingdom shall not apply to the duties of the Administrative Agent in relation to the trusts constituted by that Loan Document; where there are inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 of the United Kingdom and the provisions of this Agreement or such Loan Document, the provisions of this Agreement shall, to the extent permitted by applicable law, prevail and, in the case of any inconsistency with the Trustee Act 2000 of the United Kingdom, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

(4) The Administrative Agent may perform any of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of their respective duties and exercise their respective rights and powers through their respective Related Parties. The exculpatory provisions of this Article VIII shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities pursuant to this Agreement. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

(5) None of any Syndication Agent, any Co-Documentation Agent or any Arranger shall have obligations or duties whatsoever in such capacity under this Agreement or any other Loan Document and shall incur no liability hereunder or thereunder in such capacity, but all such persons shall have the benefit of the indemnities provided for hereunder.

(6) In case of the pendency of any proceeding with respect to any Loan Party under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Loan or any reimbursement obligation in respect of any LC Disbursement 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 Borrowers) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Disbursements 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 Banks and the

Administrative Agent (including any claim under Sections 2.11, 2.12, 2.14, 2.16 and 9.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender, each Issuing Bank and each other Secured Party to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, the Issuing Banks or the other Secured Parties, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Loan Documents (including under Section 9.03). Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or Issuing Bank in any such proceeding.

(7) The provisions of this Article VIII (other than in the case of Section 8.01(a), (d) and (f) and Sections 8.03 through 8.09) are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Banks, and, except solely to the extent of the Borrowers' rights to consent pursuant to and subject to the conditions set forth in this Article VIII, none of the Borrowers or any Subsidiary, or any of their respective Affiliates, shall have any rights as a third party beneficiary under any such provisions (other than in the case of Section 8.01(a), (d) and (f) and Sections 8.03 through 8.09). Each Secured Party, whether or not a party hereto, will be deemed, by its acceptance of the benefits of the Collateral and of the guarantees of the Secured Obligations provided under the Loan Documents, to have agreed to the provisions of this Article VIII.

SECTION 1.0ay. Administrative Agent's Reliance, Indemnification, Etc.

(1) Neither the Administrative Agent nor any of its Related Parties shall be (i) liable for any action taken or omitted to be taken by such party, the Administrative Agent or any of its Related Parties under or in connection with this Agreement or the other Loan Documents (x) with the consent of or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents) or (y) in the absence of its own gross negligence or willful misconduct (such absence to be presumed unless otherwise determined by a court of competent jurisdiction by a final and non-appealable judgment) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document (including, for the avoidance of doubt, in connection with the Administrative Agent's reliance on any Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page) or for any failure of any Loan Party to perform its obligations hereunder or thereunder.

(2) The Administrative Agent shall be deemed not to have knowledge of any (i) notice of any of the events or circumstances set forth or described in Section 5.02 unless and until written notice thereof stating that it is a "notice under Section 5.02" in respect of this Agreement and identifying the specific clause under said Section is given to the Administrative

Agent by the Borrowers, or (ii) notice of any Default or Event of Default unless and until written notice thereof (stating that it is a "notice of Default" or a "notice of an Event of Default") is given to the Administrative Agent by the Borrowers, a Lender or an Issuing Bank. Further, the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default or Event of Default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items (which on their face purport to be such items) expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent, (vi) the creation, perfection or priority of Liens on the Collateral. Notwithstanding anything herein to the contrary, the Administrative Agent shall not be liable for, or be responsible for any Liabilities, costs or expenses suffered by any Borrower, any Subsidiary, any Lender or any Issuing Bank as a result of any determination of the Revolving Exposure, any of the component amounts thereof or any portion thereof attributable to each Lender or Issuing Bank, or any Dollar Equivalent.

(3) Without limiting the foregoing, the Administrative Agent (i) may treat the payee of any promissory note as its holder until such promissory note has been assigned in accordance with Section 9.04, (ii) may rely on the Register to the extent set forth in Section 9.04(b), (iii) may consult with legal counsel (including counsel to the Company), independent public accountants and other experts selected by it, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iv) makes no warranty or representation to any Lender or Issuing Bank and shall not be responsible to any Lender or Issuing Bank for any statements, warranties or representations made by or on behalf of any Loan Party in connection with this Agreement or any other Loan Document, (v) in determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuing Bank, may presume that such condition is satisfactory to such Lender or Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or Issuing Bank sufficiently in advance of the making of such Loan or the issuance of such Letter of Credit and (vi) shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any notice, consent, certificate or other instrument or writing (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated by the proper party or parties (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

SECTION 1.0az. Posting of Communications.

(1) Each Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders and the Issuing Banks by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic system chosen by the Administrative Agent to be its electronic transmission system (the "Approved Electronic Platform").

(2) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Effective Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-

deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, each of the Issuing Banks and each Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Lenders, each of the Issuing Banks and each of the Borrowers hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(3) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED "AS IS" AND "AS AVAILABLE". THE APPLICABLE PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT, ANY ARRANGER, ANY CO-DOCUMENTATION AGENT, ANY SYNDICATION AGENT OR ANY OF THEIR RESPECTIVE RELATED PARTIES (COLLECTIVELY, "APPLICABLE PARTIES") HAVE ANY LIABILITY TO ANY LOAN PARTY, ANY LENDER, ANY ISSUING BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY LOAN PARTY'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM.

"Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to this Section 8.03(c), including through an Approved Electronic Platform.

(4) Each Lender and each Issuing Bank agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender and Issuing Bank agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication) from time to time of such Lender's or Issuing Bank's (as applicable) email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(5) Each of the Lenders, each of the Issuing Banks and each of the Borrowers agrees that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally applicable document retention procedures and policies.

(6) Nothing herein shall prejudice the right of the Administrative Agent, any Lender or any Issuing Bank to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

SECTION 1.0ba. The Administrative Agent Individually. With respect to its Commitment, Loans (including Swingline Loans) and Letters of Credit, the Person serving as the Administrative Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or Issuing Bank, as the case may be. The terms "Issuing Banks", "Lenders", "Required Lenders" and any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity as a Lender, Issuing Bank or as one of the Required Lenders, as applicable. The Person serving as the Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust or other business with, any Loan Party, any Subsidiary or any Affiliate of any of the foregoing as if such Person was not acting as the Administrative Agent and without any duty to account therefor to the Lenders or the Issuing Banks.

SECTION 1.0bb. Successor Administrative Agent.

(1) The Administrative Agent may resign at any time by giving thirty (30) days' prior written notice thereof to the Lenders, the Issuing Banks and the Company, whether or not a successor Administrative Agent has been appointed. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent, which may not be a Disqualified Lender. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within thirty (30) days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent, which shall be a bank with an office in New York, New York or an Affiliate of any such bank. In either case, such appointment shall be subject to the prior written approval of the Company (which approval may not be unreasonably withheld and shall not be required while a Specified Event of Default has occurred and is continuing but may not, in any event, be a Disqualified Lender). Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent, such successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Administrative Agent. Upon the acceptance of appointment as Administrative Agent by a successor Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. Prior to any retiring Administrative Agent's resignation hereunder as Administrative Agent, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents.

(2) Notwithstanding paragraph (a) of this Section 8.05, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders, the Issuing Banks and the Company, whereupon, on the date of effectiveness of such resignation stated in such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents; provided that, solely for purposes of maintaining any security interest granted to the Administrative Agent under any Collateral Document for the benefit of the Secured Parties, the retiring Administrative Agent shall continue to be vested with such security interest as collateral agent for the benefit of the Secured Parties, and continue to be entitled to the rights set forth in such Collateral Document and Loan Document, and, in the case of any Collateral in the possession of the Administrative

Agent, shall continue to hold such Collateral, in each case until such time as a successor Administrative Agent is appointed and accepts such appointment in accordance with this Section 8.05 (it being understood and agreed that the retiring Administrative Agent shall have no duty or obligation to take any further action under any Security Document, including any action required to maintain the perfection of any such security interest), and (ii) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall directly be given or made to each Lender and each Issuing Bank. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article VIII, Section 2.17(d) and Section 9.03, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent and in respect of the matters referred to in the proviso under clause (a) above.

SECTION 1.0bc. Acknowledgements of Lenders and Issuing Banks.

(1) Each Lender and each Issuing Bank represents and warrants that (i) the Loan Documents set forth the terms of a commercial lending facility, (ii) it is engaged in making, acquiring or holding commercial loans and in providing other facilities set forth herein as may be applicable to such Lender or Issuing Bank, in each case in the ordinary course of business, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument (and each Lender and each Issuing Bank agrees not to assert a claim in contravention of the foregoing),(iii) it has, independently and without reliance upon the Administrative Agent, any Arranger, any Syndication Agent, any Co-Documentation Agent, or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder and (iv) it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender or such Issuing Bank, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities. Each Lender and each Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arranger, any Syndication Agent, any Co-Documentation Agent, or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Company and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

(2) Each Lender, by delivering its signature page to this Agreement on the Effective Date, or delivering its signature page to an Assignment and Assumption or any other Loan Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Effective Date or the effective date of any such Assignment and Assumption or any other Loan Document pursuant to which it shall have become a Lender hereunder.

(3) (i) Each Lender hereby agrees that (x) if the Administrative Agent notifies such Lender that the Administrative Agent has determined in its sole discretion that any funds received by such Lender from the Administrative Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") were erroneously transmitted to such Lender (whether or not known to such Lender), and demands the return of such Payment (or a portion thereof), such Lender shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Lender shall not assert, and hereby waives, as to the Administrative Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Payments received, including without limitation any defense based on "discharge for value" or any similar doctrine. A notice of the Administrative Agent to any Lender under this Section 8.06(c) shall be conclusive, absent manifest error.

(a) Each Lender hereby further agrees that if it receives a Payment from the Administrative Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice") or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Lender agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Lender shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one (1) Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(b) Each Borrower hereby agrees that in the event an erroneous Payment (or portion thereof) is not recovered from any Lender or Issuing Bank that has received such erroneous Payment (or portion thereof) for any reason, (x) the Administrative Agent shall be subrogated to all the rights of such Lender or Issuing Bank with respect to such amount (if any) under this Agreement and the Loan Documents and (y) the receipt of an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by any Borrower, except, in each case, to the extent such erroneous Payment is, and solely with respect to the amount of such erroneous Payment that is, comprised of funds of any Borrower or any Loan Party received by the Administrative Agent from or at the direction of any Borrower or any Loan Party for the purpose of making such payment. To the extent any such erroneous Payment is comprised of funds taken from an account of any Borrower or any Subsidiary without such Borrower's or such Subsidiary's authorization or as otherwise permitted pursuant to any Loan Document or applicable law, any such funds shall be immediately returned by the applicable Lender to the relevant Borrower or the relevant Subsidiary and nothing contained in this Agreement or any other Loan Document shall prejudice the rights of any

Borrower or any Subsidiary with respect to such unauthorized debit or conversion of its funds.

(c) Each party's obligations under this Section 8.06(c) shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations under any Loan Document.

(4) Each Lender hereby agrees that (i) it has requested a copy of each Report prepared by or on behalf of the Administrative Agent; (ii) the Administrative Agent (A) makes no 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 and (B) shall not be liable for any information contained in any Report; (iii) 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 Administrative Agent undertakes no obligation to update, correct or supplement the Reports; (iv) 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 (v) without limiting the generality of any other indemnification provision contained in this Agreement, (A) it will hold the Administrative Agent and any such other Person preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any extension of credit that the indemnifying Lender has made or may make to any Borrower, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a Loan or Loans; and (B) it will pay and protect, and indemnify, defend, and hold the Administrative Agent and any such other Person preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including reasonable attorneys' fees) incurred by the Administrative Agent or any such other Person as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

SECTION 1.0bd. Collateral Matters.

(1) Except with respect to the exercise of setoff rights in accordance with Section 9.08 or with respect to a Secured Party's right to file a proof of claim in an insolvency proceeding, no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce any guarantee of the Secured Obligations, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Administrative Agent on behalf of the Secured Parties in accordance with the terms thereof. In its capacity, the Administrative Agent is a "representative" of the Secured Parties within the meaning of the term "secured party" as defined in the UCC. In the event that any Collateral is hereafter pledged by any Person as collateral security for the Secured Obligations, the Administrative Agent is hereby authorized, and hereby granted a power of attorney, 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 Administrative Agent on behalf of the Secured Parties.

(2) In furtherance of the foregoing and not in limitation thereof, no arrangements in respect of Banking Services the obligations under which constitute Secured Obligations and no Swap Agreement the obligations under which constitute Secured Obligations, will create (or be deemed to create) in favor of any Secured Party that is a party thereto any rights in connection with the management or release of any Collateral or of the obligations of any Loan Party under any Loan Document. By accepting the benefits of the Collateral, each Secured Party that is a party to any such arrangement in respect of Banking Services or Swap Agreement, as applicable,

shall be deemed to have appointed the Administrative Agent to serve as administrative agent and collateral agent under the Loan Documents and agreed to be bound by the Loan Documents as a Secured Party thereunder, subject to the limitations set forth in this paragraph.

(3) The Secured Parties irrevocably authorize the Administrative Agent, without any consent or further agreement of any Secured Party to, to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 6.02; provided that any subordination of Liens on property in reliance on Section 6.02(c) shall be limited to property which may secure Indebtedness of the type specified in Section 6.01(e). The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders or any other Secured Party for any failure to monitor or maintain any portion of the Collateral.

SECTION 1.0be. Credit Bidding. The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any Disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 9.02 of this Agreement), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership interests, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for

any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata with their original interest in such Obligations and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

SECTION 1.0bf. Certain ERISA Matters.

(1) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Borrower or any other Loan Party, that at least one of the following is and will be true:

(a) such Lender is not using "plan assets" (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments,

(b) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(c) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(d) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(2) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its Affiliates, and not, for the avoidance of doubt, to or for the benefit of any Borrower or any other Loan Party, that none of the Administrative Agent, or any Arranger, any Syndication Agent, any Co-Documentation Agent or any of their respective Affiliates is a fiduciary with respect to the Collateral or the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto).

(3) The Administrative Agent, any Arranger, Syndication Agent and Co-Documentation Agent hereby informs the Lenders that each such person is not undertaking to provide investment advice or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments, this Agreement and any other Loan Documents (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

j. Flood Laws. JPMCB has adopted internal policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 and related legislation (the "Flood Laws"). JPMCB, as administrative agent or collateral agent on a syndicated facility, will post on the applicable electronic platform (or otherwise distribute to each Lender in the syndicate) documents that it receives in connection with the Flood Laws. However, JPMCB reminds each Lender and Participant in the facility that, pursuant to the Flood Laws, each federally regulated Lender (whether acting as a Lender or Participant in the facility) is responsible for assuring its own compliance with the flood insurance requirements.

ARTICLE 9
MISCELLANEOUS

SECTION 1.0bg. Notices.

(1) Except in the case of notices and other communications expressly permitted to be given by telephone or Electronic Systems (and subject in each case to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy or email, as follows:

(a) if to any Loan Party:

141 River's Edge Drive, Suite 200
Traverse City, Michigan 49684

Attention: Mr. Patrick McClymont, Chief Financial Officer
Facsimile No.: (231) 922-8829
Email: pmcclymont@hagerty.com;
Telephone No.: (231) 922-8876
with copies of any notices of any Default also sent to:

141 River's Edge Drive, Suite 200
Traverse City, Michigan 49684
Attention: Ms. Barbara Matthews, General Counsel
Facsimile No.: (231) 922-8876
Email: bmatthews@hagerty.com
Telephone No.: (231) 922-8826

(b) if to the Administrative Agent or Swingline Lender:

JPMorgan Chase Bank, N.A.
131 S Dearborn St, Floor 04
Chicago, IL, 60603-5506
Attention: Loan and Agency Servicing
Email: jpm.agency.cri@jpmorgan.com

Agency Withholding Tax Inquiries:
Email: agency.tax.reporting@jpmorgan.com

Agency Compliance/Financials/Intralinks:
Email: covenant.compliance@jpmchase.com

(c) If to Issuing Bank:

JPMorgan Chase Bank, N.A.
131 S Dearborn St, Floor 04
Chicago, IL, 60603-5506
Attention: LC Agency Team
Tel: 800-364-1969
Fax: 856-294-5267
Email: chicago.lc.agency.activity.team@jpmchase.com

With a copy to:

JPMorgan Chase Bank, N.A.
131 S Dearborn St, Floor 04
Chicago, IL, 60603-5506
Attention: Loan and Agency Servicing
Email: jpm.agency.cri@jpmorgan.com

(d) in the case of a notification of, or in respect of, the DQ List, also to JPMDQ_Contact@jpmorgan.com; and

(e) if to any other Lender, to it at its address (or email or telecopy number) set forth in its Administrative Questionnaire.

All such notices and other communications (i) sent by hand or overnight courier service, or mailed by certified or registered mail shall be deemed to have been given when received, (ii) sent by fax shall be deemed to have been given when sent, provided that if not given during normal business hours for the recipient, such notice or communication shall be deemed to have been

given at the opening of business on the next Business Day of the recipient, or (iii) delivered through Electronic Systems or Approved Electronic Platforms, as applicable, to the extent provided in paragraph (b) below shall be effective as provided in such paragraph.

(2) Notices and other communications to any Borrower, any Loan Party, the Lenders and the Issuing Banks hereunder may be delivered or furnished by using Electronic Systems or Approved Electronic Platforms, as applicable, or pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II or to Compliance Certificates unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent and the Company (on behalf of the Loan Parties) may, in its discretion, agree to accept notices and other communications to it hereunder by using Electronic Systems or Approved Electronic Platforms, as applicable, pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise proscribes, all such notices and other communications (i) 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), provided that if not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) 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, e-mail 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 of the recipient.

(3) Any party hereto may change its address, facsimile number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

SECTION 1.0bh. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under any other Loan Document are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 9.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(1) Subject to Section 2.13(b), (c), (d), and (e), and this Section 9.02, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (i) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders or (ii) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender, without the written consent of such Lender (including any such

Lender that is a Defaulting Lender) (it being understood that a waiver of any condition precedent in Section 4.02 or the waiver of any Default, Event of Default or mandatory reduction of the Commitments shall not be an increase of a Commitment of any Lender), (ii) reduce or forgive the principal amount of any Loan or LC Disbursement or reduce or forgive the rate of interest thereon (other than interest accruing pursuant to Section 2.12(c) or a waiver thereof), or reduce or forgive any fees or other amounts payable hereunder, without the written consent of each Lender (including any such Lender that is a Defaulting Lender) directly affected thereby (except that any amendment or modification of the financial covenants in this Agreement (or defined terms used in the financial covenants in this Agreement) shall not constitute a reduction in the rate of interest or fees for purposes of this clause (ii)), or (iii) postpone any scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any date for the payment of any interest, fees or other Obligations payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment (it being understood that a waiver of any condition precedent in Section 4.02 or the waiver of any Default or Event of Default or mandatory reduction of the Commitments shall not be an extension of a Commitment of any Lender), without the written consent of each Lender directly affected thereby, (iv) change Section 2.17(b) or (c) in a manner that would alter the manner in which payments are shared, without the written consent of each Lender (including any such Lender that is a Defaulting Lender), (v) change any of the provisions of this Section 9.02 or the definition of "Required Lenders", "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender, (vi) release all or substantially all of the Guarantors from their obligation under the Guaranty (except as otherwise permitted herein or in the other Loan Documents), without the written consent of each Lender (other than any Defaulting Lender), or (vii) except as provided in clause (d) of this Section 9.02 or in any Collateral Document, release or subordinate all or substantially all of the Collateral, without the written consent of each Lender (other than any Defaulting Lender); provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be. The Administrative Agent may also amend the Commitment Schedule to reflect assignments entered into pursuant to Section 9.04 or Section 2.04.

(2) The Lenders hereby irrevocably authorize the Administrative Agent to, and the Administrative Agent hereby agrees with the Company that it shall, release any Liens granted to the Administrative Agent by the Loan Parties on any Collateral (i) upon the Payment in Full of all Secured Obligations (other than Unliquidated Obligations) and the cash collateralization of all Unliquidated Obligations in a manner reasonably satisfactory to the Administrative Agent, (ii) constituting property being sold or Disposed of if the Company certifies to the Administrative Agent that the sale or Disposition is made in compliance with the terms of this Agreement (and the Administrative Agent may rely conclusively on any such certificate, without further inquiry), (iii) constituting property leased to any Borrower or any Subsidiary under a lease which has expired or been terminated in a transaction permitted under this Agreement, or (iv) as required to effect any sale or other Disposition of such Collateral in connection with any exercise of remedies of the Administrative Agent and the Lenders pursuant to Article VII. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral and the Administrative Agent shall not be required to execute any such release on terms which, in the Administrative Agent's reasonable opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty.

(3) Notwithstanding anything to the contrary herein:

(a) this Agreement and the other Loan Documents may be amended to effect an incremental facility pursuant to Section 2.08(e) (and the Administrative Agent, the Company and any Lender providing Loans under such incremental facility may effect such amendments to this Agreement and the other Loan Documents without the consent of any other party as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, the Company and such Lender, to effect the terms of any such incremental facility);

(b) the Administrative Agent may, with the consent of the Company only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency; and

(c) guarantees, Collateral Documents and related documents executed by the Loan Parties in connection with this Agreement may be in a form reasonably determined by the Administrative Agent and may be, together with any other Loan Document, entered into, amended, supplemented or waived, without the consent of any other Person, by the applicable Loan Party or Loan Parties and the Administrative Agent, to (A) effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties or (B) as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable requirements of law.

SECTION 1.0bi. Expenses; Indemnity; Damage Waiver. (a) The Company shall pay (i) all reasonable and documented out-of-pocket expenses incurred by each of the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of one (1) primary counsel for the Administrative Agent and one (1) local counsel to the Administrative Agent in each relevant jurisdiction (excluding in-house counsel), if necessary, in connection with the syndication and distribution (including, without limitation, via the internet or through an Electronic System or Approved Electronic Platform) of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions of the Loan Documents (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, the Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Issuing Bank or any Lender (limited to, in the case of legal expenses, the fees, charges and disbursements of one (1) primary counsel for the Lenders, taken as a whole, and solely in the event of an actual or reasonably perceived conflict of interest and after written notice to the Company regarding such actual or perceived conflict of interest, one (1) additional counsel for the Lenders, taken as a whole), in connection with the enforcement, collection or protection of its rights in connection with the Loan Documents, including its rights under this Section 9.03, or in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable and documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(1) To the extent permitted by applicable law (i) neither any Borrower nor any Loan Party shall assert any claim against any Indemnitee for any Liabilities arising from the use by others of information or other materials (including, without limitation, any personal data) obtained through telecommunications, electronic or other information transmission systems

(including the Internet), and (ii) no party hereto shall assert any Liabilities against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this Section 9.03(b) shall relieve any Borrower or any Loan Party of any obligation it may have to indemnify an Indemnitee, as provided in Section 9.03(c), against any special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(2) The Company shall indemnify the Administrative Agent, each Arranger, each Syndication Agent, each Co-Documentation Agent, each Issuing Bank and each Lender, 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 Liabilities and related expenses (limited to, in the case of legal expenses, the fees, charges and disbursements of one (1) primary counsel for the Indemnitees, taken as a whole, one (1) local counsel in each jurisdiction where Collateral is located or proceedings are held, and solely in the event of an actual or reasonably perceived conflict of interest and after written notice to the Company regarding such actual or perceived conflict of interest, one (1) additional counsel for the Indemnitees, taken as a whole) for such Indemnitee incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution and delivery of the Loan Documents and any agreement or instrument contemplated thereby, (ii) the funding of any Loan or the issuance of any Letter of Credit or the use of the proceeds therefrom (including any refusal by an 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) any act or omission of the Administrative Agent in connection with the administration of the Loan Documents, (iv) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by a Loan Party or a Subsidiary, or any Environmental Liability related in any way to a Loan Party or a Subsidiary prior to foreclosure of such property, (v) the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Administrative Agent or the Lenders or each Loan Party, and any claim for patent, trademark or copyright infringement) prior to foreclosure of such Collateral, or (vi) any actual or prospective Proceeding relating to any of the foregoing, whether or not such Proceeding is brought by any Loan Party or their respective equity holders, Affiliates, creditors or any other third Person and whether based on contract, tort or any other theory 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 Liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted primarily from (x) the bad faith, gross negligence or willful misconduct of such Indemnitee, (y) a material breach of the Loan Documents by an Indemnitee, or (z) any dispute that does not involve an act or omission by any Borrower, any Subsidiary of any of their Affiliates and that is between and among Indemnitees (other than an Indemnitee in its capacity of Lead Arranger/Lead Bookrunner or the Administrative Agent or any other similar role with respect to the Loan Documents). This Section 9.03(c) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(3) Each Lender severally agrees to pay any amount required to be paid by any Loan Party under paragraphs (a), (b) or (c) of this Section 9.03 to the Administrative Agent, the Swingline Lender and each Issuing Bank, and each Related Party of any of the foregoing Persons (each, an "Agent-Related Person") (to the extent not reimbursed by the Loan Parties and without limiting the obligation of any Loan Party to do so), ratably according to their respective Applicable Percentage in effect on the date on which such payment is sought under this Section 9.03 (or, if such payment is sought after the date upon which the Commitments shall

have terminated and the Loans shall have been paid in full, ratably in accordance with such Applicable Percentage immediately prior to such date), from and against any and all Liabilities and related expenses, including the fees, charges and disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent-Related Person in any way relating to or arising out of the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent-Related Person under or in connection with any of the foregoing; provided that the unreimbursed expense or Liability or related expense, as the case may be, was incurred by or asserted against such Agent-Related Person in its capacity as such; provided, further, that no Lender shall be liable for the payment of any portion of such Liabilities, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted primarily from such Agent-Related Person's gross negligence or willful misconduct. The agreements in this Section 9.03 shall survive the termination of this Agreement and the Payment in Full of the Obligations.

(4) Payments. All amounts due under this Section 9.03 shall be payable within thirty (30) days after receipt of a written invoice therefor with reasonably detailed backup.

SECTION 1.0bj. 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 (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 9.04. 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 (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section 9.04) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(1) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution or a Disqualified Lender) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, participations in Letters of Credit and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(i)the Company; provided that, the Company shall be deemed to have consented to an assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof, and provided, further, that no consent of the Company shall be required for an assignment to a Lender or, if a Specified Event of Default has occurred and is continuing, any other Eligible Assignee;

(ii)the Administrative Agent; provided that no consent of the Administrative Agent shall be required for an assignment of all or any portion of, an Affiliate of a Lender or an Approved Fund; and

(iii)the Issuing Bank and the Swingline Lender.

(a) Assignments shall be subject to the following additional conditions:

(i)except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $10,000,000, unless each of the Company and the Administrative Agent otherwise consent; provided that no such consent of the Company shall be required if a Specified Event of Default has occurred and is continuing;

(ii)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; provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(iii)the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with a processing and recordation fee of $3,500; and

(iv)the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Company and its affiliates, the Loan Parties and their related parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 9.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

(b) "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(c) "Ineligible Institution" means a (a) natural person, (b) a Defaulting Lender or its Lender Parent, (c) holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof; provided that, with respect to clause (c), such holding company, investment vehicle or trust shall not constitute an Ineligible Institution if it (x) has not been established for the primary purpose of acquiring any Loans or Commitments, (y) is managed by a professional advisor, who is not such natural person or a relative thereof, having significant experience in the business of making or purchasing commercial loans, and (z) has assets greater than $25,000,000 and a significant part of its activities consist of making or purchasing commercial loans and similar extensions of credit in the ordinary course of its business; (d) a Loan Party or a Subsidiary or other Affiliate of a Loan Party or (e) any Person that is a Disqualified Lender.

(d) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section 9.04, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 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 (c) of this Section 9.04.

(e) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent, the Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(f) Upon its receipt of (x) a duly completed Assignment and Assumption executed by an assigning Lender and an assignee or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section 9.04 and any written consent to such assignment required by paragraph (b) of this Section 9.04, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(b), 2.17(c) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(2) (i) Any Lender may, without the consent of, or notice to, any Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities other than an Ineligible Institution (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation

shall provide that such Lender shall retain the sole right to enforce this Agreement and 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 the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section 9.04, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 9.04 provided that such Participant (A) agrees to be subject to the provisions of Sections 2.17 and 2.18 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.14 or 2.16 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 Company's request and expense, to use reasonable efforts to cooperate with the Company to effectuate the provisions of Section 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender; provided such Participant agrees to be subject to Section 2.17(c) as though it were a Lender.

(a) A Participant shall not be entitled to receive any greater payment under Section 2.14 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. A Participant shall not be entitled to the benefits of Section 2.16 unless the Company is notified of the participation sold to such Participant and such Participant agrees to comply with Section 2.16 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 Borrowers, 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 this Agreement or any other Loan Document (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 this Agreement or any other 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.

(3) 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, and this Section 9.04 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(4) Disqualified Lenders.

(a) Except as otherwise provided in this Agreement, no assignment or participation shall be made to any Person that was a Disqualified Lender as of the date (the "Trade Date") on which the assigning or participating, as applicable, Lender entered into a binding agreement to sell and assign or grant a participation in all or a portion of its rights and obligations under this Agreement to such Person (unless the Company has consented to such assignment or participation in writing in its sole and absolute discretion, in which case such Person will not be considered a Disqualified Lender for the purpose of such assignment or participation). For the avoidance of doubt, with respect to any assignee or Participant that becomes a Disqualified Lender after the applicable Trade Date (including as a result of the delivery of a written supplement to the list of "Disqualified Lenders" referred to in, the definition of "Disqualified Lender"), (x) such assignee or Participant shall not retroactively be disqualified from becoming a Lender or Participant and (y) the execution by the Company of an Assignment and Assumption with respect to such assignee will not by itself result in such assignee no longer being considered a Disqualified Lender. Any assignment or participation in violation of this clause (e) shall not be void, but the other provisions of this clause (e) shall apply.

(b) If any assignment or participation is made to any Disqualified Lender without the Company's prior written consent in violation of clause (i) above or its Affiliates, or if any Person becomes a Disqualified Lender or an Affiliate thereof after the applicable Trade Date, the Company may, at its sole expense and effort, upon notice to the applicable Disqualified Lender or Affiliate, as applicable, and the Administrative Agent, (A) terminate any Commitment of such Disqualified Lender or Affiliate, as applicable, and repay all obligations of the Borrowers owing to such Disqualified Lender or Affiliate, as applicable, in connection with such Commitment and/or (B) require such Disqualified Lender or Affiliate, as applicable, to assign, without recourse (in accordance with and subject to the restrictions contained in this Section 9.04), all of its interest, rights and obligations under this Agreement to one or more Persons (other than an Ineligible Institution) at the lesser of (x) the par value of the principal amount thereof and (y) the amount that such Disqualified Lender or its Affiliates, as applicable, paid to acquire such interests, rights and obligations, in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder; provided that if any Lender (including any Disqualified Lender or Affiliate thereof that becomes a Lender) does not execute and deliver an Assignment and Assumption to the Administrative Agent within one (1) Business Day after having received a request therefor, such Lender (including any Disqualified Lender or Affiliate thereof that becomes a Lender) hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender, as assignor, any Assignment and Assumption necessary to effectuate any assignment in full of such Lender's interests hereunder.

(c) Notwithstanding anything to the contrary contained in this Agreement, Disqualified Lenders or any of their Affiliates to whom an assignment or participation is made in violation of clause (i) above (A) will not have the right to (x) receive information, reports or other materials provided to Lenders by the Company or any Subsidiary, the Administrative Agent or any other Lender, (y) attend or participate in meetings attended by the Lenders and the Administrative Agent, or (z) access any electronic site (including any E-Systems or other Electronic Transmissions) established for the Lenders, the Company or any Subsidiary or confidential communications from counsel to or financial advisors of the Administrative Agent, the Lenders, the Company or any Subsidiary and (B)(x) for purposes of any consent to any amendment, waiver or modification of, or any action under, and for the purpose of any direction to the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) under this Agreement or any other Loan Document, each Disqualified Lender or

its Affiliates, as applicable, will be deemed to have consented in the same proportion as the Lenders that are not Disqualified Lenders consented to such matter, and (y) for purposes of voting on any plan of reorganization or plan of liquidation including under any Bankruptcy Event, each Disqualified Lender or its Affiliates, as applicable, party hereto hereby agrees (1) not to vote on such plan of reorganization or plan of liquidation, (2) if such Disqualified Lender or its Affiliates, as applicable, does vote on such plan of reorganization or plan of liquidation notwithstanding the restriction in the foregoing clause (1), such vote will be deemed not to be in good faith and shall be "designated" pursuant to Section 1126(e) of the Bankruptcy Code (or any similar provision in any other bankruptcy, insolvency or reorganization or relief of debtors or seeking the entry of an order for relief or the appointment of a custodian, receiver, trustee, conservator, liquidating agent, liquidator, other similar official or other official with similar powers or other applicable laws), and such vote shall not be counted in determining whether the applicable class has accepted or rejected such plan of reorganization in accordance with Section 1126(c) of the Bankruptcy Code (or any similar provision in any other U.S. Federal, state or foreign debtor relief laws or other applicable laws) and (3) not to contest any request by any party for a determination by a U.S. federal bankruptcy court (or other applicable court of competent jurisdiction) effectuating the foregoing clause (2).

(d) The Administrative Agent shall have the right (but not the obligation), and the Company hereby expressly authorizes the Administrative Agent, to provide the list of Disqualified Lenders provided by the Company and any updates thereto from time to time (collectively, the "DQ List") to each Lender or potential Lender requesting the same. The Administrative Agent and the Lenders shall be entitled to rely on a representation from any assignee or participant (or prospective assignee or participant) that such Person is not a Disqualified Lender. Except as set forth in the immediately preceding sentence, in no event shall the Administrative Agent be obligated to ascertain, inquire into or monitor as to whether any Lender or prospective assignee is a Disqualified Lender or enforce compliance with the provisions hereof relating to Disqualified Lenders.

(e) The Administrative Agent and the Lenders shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Lenders, other than to deliver to the Company the relevant assignment documentation upon the request of the Company. Without limiting the generality of the foregoing, neither the Administrative Agent nor any Lender shall (x) be obligated to ascertain, monitor or inquire as to whether any other Lender or Participant or prospective Lender or Participant is a Disqualified Lender or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, by any other Person to any Disqualified Lender.

SECTION 1.0bk. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any 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 Sections 2.14, 2.15, 2.16 and 9.03 and Article VIII 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 other Loan Document or any provision hereof or thereof.

SECTION 1.0bl. Counterparts; Integration; Effectiveness. (a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent 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. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(1) Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Document and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 9.01), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Document and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Document or such Ancillary Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement, any other Loan Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; provided that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided, further, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of any Borrower or any other Loan Party without further verification thereof and without any obligation to review the appearance or form of any such Electronic Signature and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, each Borrower and each Loan Party hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders, the Borrowers and the Loan Parties, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Loan Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, (B) the Administrative Agent and each of the Lenders may, at its option, create one or more copies of this Agreement, any other Loan Document and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (C) waives any argument, defense or right to contest the legal

effect, validity or enforceability of this Agreement, any other Loan Document and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement, such other Loan Document and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (D) waives any claim against any Lender-Related Person for any Liabilities arising solely from the Administrative Agent's and/or any Lender's reliance on or use of Electronic Signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any Liabilities arising as a result of the failure of any Borrower and/or any Loan Party to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

SECTION 1.0bm. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 1.0bn. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, each Issuing Bank, and each of their respective Affiliates is hereby authorized at any time and from time to time, upon the receipt of the written consent of the Administrative Agent, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held, and other obligations at any time owing, by such Lender, such 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 owing to such Lender or such Issuing Bank or their respective Affiliates (for the avoidance of doubt, it is acknowledged and agreed that with respect to any Foreign Subsidiary Borrower any exercise of a right of setoff by a Lender against the account of such Foreign Subsidiary Borrower shall be limited to the Obligations described in the last sentence of Section 2.09(a)), irrespective of whether or not such Lender, 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 such 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, (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 2.20 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 Banks, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Secured Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The applicable Lender, the Issuing Bank or such Affiliate shall notify the Company and the Administrative Agent of such setoff or application; provided that the failure to give such notice shall not affect the validity of such setoff or application under this Section 9.08. The rights of each Lender, each Issuing Bank and their respective Affiliates under this Section 9.08 are in addition to other rights and remedies (including other rights of setoff) that such Lender, such Issuing Bank or their respective Affiliates may have.

SECTION 1.0bo. Governing Law; Jurisdiction; Consent to Service of Process. (a) The Loan Documents (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the laws of the State of New York, but giving effect to federal laws applicable to national banks.

(1) EACH LENDER, EACH LOAN PARTY AND THE ADMINISTRATIVE AGENT HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY FEDERAL OR

STATE COURT LOCATED IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT (EXCLUDING THE ENFORCEMENT OF THE SECURITY DOCUMENTS TO THE EXTENT SUCH SECURITY DOCUMENTS EXPRESSLY PROVIDE OTHERWISE), OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF SUCH 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 STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF SUCH 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.

(2) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section 9.09. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(3) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

j. WAIVER OF JURY TRIAL. EACH PARTY HERETO 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 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 OR OTHER AGENT (INCLUDING ANY 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 BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.10.

k. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

l. Confidentiality. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Related Parties, including accountants, legal counsel and other advisors on a "need-to-know" basis (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential and the Administrative Agent, the Issuing Bank and the Lenders shall be responsible for the compliance with this paragraph by its Related Parties), (b) to the extent requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners) (in which case, to the extent

permitted by law, the party in receipt of such request shall promptly inform the Company in advance other than in connection with any examination of the financial condition or other routine examination of such Lender), (c) as may be compelled in a judicial or administrative proceeding or to the extent required by any Requirement of Law or by any subpoena or similar legal process (in which case, to the extent permitted by applicable law, the party in receipt of such request shall promptly inform the Company in advance), (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 9.12, to (i) any Eligible Assignee of or Participant in, or any prospective Eligible Assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Company, its Subsidiaries and their obligations, (g) with the prior written consent of the Company or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 9.12 or (ii) becomes available to the Administrative Agent, the Issuing Bank or any Lender on a non-confidential basis from a source other than the Company or any Person who is known to the Administrative Agent, the Issuing Bank or any Lender to have confidentiality obligations to the Company. For the purposes of this Section 9.12, "Information" means all information received from any Loan Party with respect to the Company or any of its Subsidiaries or any of its or their business, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a non-confidential basis prior to disclosure by the Company or any of its Subsidiaries and other than information pertaining to this Agreement provided by arrangers to data service providers, including league table providers, that serve the lending industry. Any Person required to maintain the confidentiality of Information as provided in this Section 9.12 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THIS SECTION 9.12 FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS. ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWERS OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWERS AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW. Notwithstanding anything in this Section 9.12 to the contrary, (x) to the extent any legal counsel, independent auditors, professionals and other experts or agents of a Lender receives any Information, such legal counsel, independent auditors, professionals and other experts or agents shall sign an undertaking that they will treat such Information as confidential (subject to certain customary exceptions) unless there are established and enforceable codes of professional conduct governing the confidential treatment of such Information so received and (y) in no event shall any disclosure of any Information be made to a Person that is a Disqualified Lender at the time of disclosure.

m. Several Obligations; Nonreliance; Violation of Law. The respective obligations of the Lenders hereunder are several and not joint and the failure of any Lender to make any Loan or perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Federal Reserve Board) for the repayment of the Borrowings provided for herein. Anything contained in this Agreement to the contrary notwithstanding, neither the Issuing Bank nor any Lender shall be obligated to extend credit to any Borrower in violation of any Requirement of Law.

n. USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies each Loan Party that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the USA PATRIOT Act.

o. 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 are treated as interest on such Loan under applicable law (collectively the "Interest Rate Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Interest Rate Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Interest Rate Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 9.15 shall be cumulated and the interest and Interest Rate 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 NYFRB Rate to the date of repayment, shall have been received by such Lender.

p. Disclosure. Each Borrower and each Lender hereby acknowledges and agrees that the Administrative Agent and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with any of the Company, its Subsidiaries and their respective Affiliates.

q. Amendment and Restatement. This Agreement amends and restates the Existing Credit Agreement in its entirety as of the date hereof. As of the Effective Date, (a) all Revolving Loans (as such terms are defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement shall constitute Revolving Loans outstanding under, and subject to the terms of, this Agreement, (b) all existing letters of credit issued under the Existing Credit Agreement shall constitute Letters of Credit issued and in existence under, and subject to the terms of, this Agreement, and (c) all other amounts owing under the Existing Credit Agreement shall be deemed outstanding hereunder. Accordingly, the Loans, Letters of Credit and other obligations pursuant hereto are issued in exchange and replacement for the loans, letters of credit and other obligations under the Existing Credit Agreement, shall not be a novation or satisfaction thereof and shall be entitled to and secured by the same collateral with the same priority, as in effect prior to the date hereof.

r. Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(4) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(5) the effects of any Bail-In Action on any such liability, including, if applicable:

(a) a reduction in full or in part or cancellation of any such liability;

(b) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(c) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

s. Acknowledgement Regarding Any Supported QFCs. (a) To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States).

(6) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

t. Appointment for Perfection. Each Lender hereby appoints each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Administrative Agent and the Secured Parties, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession or control. Should any Lender (other than the Administrative Agent) obtain possession or control of any such Collateral, such Lender shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request

therefor shall deliver such Collateral to the Administrative Agent or otherwise deal with such Collateral in accordance with the Administrative Agent's instructions.

u. No Fiduciary Duty, etc.

(7) Each Borrower acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that no Credit Party will have any obligations under the Loan Documents except those obligations expressly set forth herein and in the other Loan Documents and each Credit Party is acting solely in the capacity of an arm's length contractual counterparty to each Borrower with respect to the Loan Documents and the transactions contemplated herein and therein and not as a financial advisor or a fiduciary to, or an agent of, any Borrower or any other person. Each Borrower agrees that it will not assert any claim against any Credit Party based on an alleged breach of fiduciary duty by such Credit Party in connection with this Agreement and the transactions contemplated hereby. Additionally, each Borrower acknowledges and agrees that no Credit Party is advising such Borrower as to any legal, tax, investment, accounting, regulatory or any other matters in any jurisdiction. Each Borrower shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated herein or in the other Loan Documents, and the Credit Parties shall have no responsibility or liability to any Borrower with respect thereto.

(8) Each Borrower further acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Credit Party, together with its Affiliates, is a full service securities or banking firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Credit Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, a Borrower and other companies with which a Borrower may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Credit Party or any of its customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

(9) In addition, each Borrower acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Credit Party and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which a Borrower may have conflicting interests regarding the transactions described herein and otherwise. No Credit Party will use confidential information obtained from any Borrower by virtue of the transactions contemplated by the Loan Documents or its other relationships with a Borrower in connection with the performance by such Credit Party of services for other companies, and no Credit Party will furnish any such information to other companies. Each Borrower also acknowledges that no Credit Party has any obligation to use in connection with the transactions contemplated by the Loan Documents, or to furnish to any Borrower, confidential information obtained from other companies.

v. Marketing Consent. Each Borrower hereby authorizes JPMCB and its affiliates (collectively, the "JPMCB Parties"), at their respective sole expense, and without any prior approval by any Borrower, to include each Borrower's name and logo in advertising, marketing, tombstones, case studies and training materials, and to give such other publicity to this Agreement as JPMCB Parties may from time to time determine in their sole discretion; provided that no JPMCB Party shall use any information that is not publicly available in any such advertising, marketing, tombstones, case studies and training materials or other publicity. The foregoing authorization shall remain in effect unless (and solely until) such Borrower notifies JPMCB in writing that such authorization is revoked.

w. No Conflict. Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, in the event of a conflict between the terms and conditions of (a) this Agreement and any other Loan Document (other than a Subordination Agreement), the terms and conditions of this Agreement shall control and (b) this Agreement and a Subordination Agreement, the terms and conditions of the Subordination Agreement shall control.

x. Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of any Borrower in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "***Judgment Currency***") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "***Agreement Currency***"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from a Borrower in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such Currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to the applicable Borrower (or to any other Person who may be entitled thereto under applicable law).

y. Borrower Representative. Each Borrower hereby designates the Company as its representative and agent for all purposes under the Loan Documents (in such capacity, the "***Borrower Representative***"), including requests for Loans and Letters of Credit, designation of interest rates, delivery or receipt of communications, preparation and delivery of financial reports, receipt and payment of Obligations, requests for waivers, amendments or other accommodations, actions under the Loan Documents (including in respect of compliance with covenants), and all other dealings with the Administrative Agent or any Lender. The Borrower Representative hereby accepts such appointment. The Administrative Agent and the Lenders shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any Borrowing Request) delivered by Borrower Representative on behalf of any Borrower. The Administrative Agent and the Lenders may give any notice or communication with a Borrower hereunder to the Borrower Representative on behalf of such Borrower. Each of the Administrative Agent and the Lenders shall have the right, in its discretion, to deal exclusively with the Borrower Representative for any or all purposes under the Loan Documents. Each Borrower agrees that any notice, election, communication, representation, agreement or undertaking made on its behalf by the Borrower Representative Borrower shall be binding upon and enforceable against it.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

THE HAGERTY GROUP, LLC

By: __
Name:
Title:

JPMORGAN CHASE BANK, N.A., individually and as Administrative Agent

By __
Name: Nathan Wright
Title: Authorized Officer

CITIZENS BANK, N.A.

By __
Name:
Title:

KEY BANK, NATIONAL ASSOCIATION

By __
Name:
Title:

Commitment Schedule

Commitments

Lender	**Commitment as of the Fifth Amendment Effective Date**
JPMorgan Chase Bank, N.A.	$90,000,000
Citizens Bank, N.A.	$75,000,000
KeyBank National Association	$65,000,000
Total:	**$230,000,000**

Schedule 3.05 - Subsidiaries and Joint Ventures

Domestic Subsidiaries executing Subsidiary Guaranties as of the Fifth Amendment Effective Date:

1) Hagerty Insurance Agency, LLC
2) Hagerty Management, LLC
3) Hagerty Drivers Club, LLC f/k/a HagertyPlus, LLC
4) Hagerty Asset Management, LLC
5) Hagerty Classic Marine Insurance Agency, LLC
6) Hagerty Media Properties, LLC
7) Hagerty Canada, LLC
8) Hagerty DriveShare LLC
9) Hagerty Motorsports, LLC
10) Hagerty Classic Analytics, LLC
11) Hagerty Drivers Club Canada, LLC
12) Historic Vehicle Association, LLC
13) Historic Vehicle Association Canada, LLC
14) Hagerty Wellness Center, LLC
15) Cavallino Cafe, LLC
16) Hagerty Ventures, LLC
17) Speed Digital, LLC
18) Hagerty RADwood, Inc.
19) Broad Arrow Group, Inc.
20) Broad Arrow Licenses LLC
21) Broad Arrow Auctions LLC
22) Broad Arrow Capital LLC
23) Broad Arrow Private Sales LLC
24) Hagerty Events, LLC

Immaterial Subsidiaries not executing Subsidiary Guaranties as of the Fifth Amendment Effective Date:

1) Hagerty Financial Services, LLC
2) Hagerty Air, LLC
3) Hagerty Insurance Holdings Inc.
4) Member Hubs Hospitality LLC
5) Member Hubs Miami, LLC
6) Hagerty Garage and Social Services, LLC
7) Member Hubs Seattle, LLC
8) Member Hubs Palm Beach, LLC
9) Member Hubs Culver City, LLC
10) Member Hubs Haskell, LLC

Permitted Joint-Ventures as of the Fifth Amendment Effective Date:

Member Hubs Holdings, LLC

Foreign Subsidiaries as of the Fifth Amendment Effective Date:

1) Hagerty International Holdings Limited
2) Hagerty Reinsurance Limited
3) Hagerty International Limited
4) Classic Car Analytics GmbH
5) Hagerty Enthusiast Limited

6) Member Hubs Canada ULC
7) 1000022443 Ontario Inc.
8) Broad Arrow Group UK Limited
9) Broad Arrow Capital UK Limited
10) Broad Arrow Capital Europe Limited
11) Broad Arrow Capital FP Limited

Schedule 3.06 - Disclosed Matters

None.

Schedule 3.17 - Subordinated Debt Documents

None.

Schedule 6.01 - Existing Indebtedness

Indebtedness to Third Parties:

1. Master Installment Payment Agreement, dated as of December 19, 2016, by and between Hagerty Management, LLC and De Lage Laden Financial Services, Inc., together with Cross Corporate Guaranty made by Hagerty Insurance Agency, LLC in favor of De Lage Financial Services, Inc.

2. Asset Purchase Agreement, executed as of June 23, 2021, by and between Hagerty Events, LLC and McCall Events, Inc., together with Bill of Sale made and entered into as of August 12, 2021 by and between Hagerty Events, LLC and McCall Events Inc.

3. Asset Purchase Agreement, dated as of March 21, 2019, by and among Hagerty Motorsports, LLC, Pukka Software, Brian Ghidinelli, and Jennifer Ghidinelli, as amended by Amendment No. 1 to the Asset Purchase Agreement, made and entered into effective February 25, 2020, by and among Hagerty Motorsports, LLC, Pukka Software, Brian Ghidinelli, and Jennifer Ghidinelli.

4. To the extent constituting a Conversion Bonus thereunder, payments under that certain Business Transition Agreement, dated as of July 8, 2019, made by and between Hagerty Insurance Agency, LLC and Infinity Insurance Company.

5. Personal Lines Agency Agreement, effective January 1, 2013, by and among Hagerty Insurance Agency, LLC, Hagerty Classic Marine Insurance Agency, LLC and Essentia Insurance Company, as amended by Amendment No. 1, effective January 1, 2013, Amendment No. 1 to Underwriting Guidelines, dated January 1, 2013, Amendment No. 2 Indiana Special Amendment, dated March 14, 2017, Amendment No. 3 Pennsylvania Special Amendment, dated May 4, 2017, Amendment No. 4, dated May 4, 2017, Amendment No. 5, dated August 1, 2018, Amendment No. 6, effective January 1, 2019 and Amendment No. 7, effective July 1, 2020.

6. Asset Purchase Agreement dated March 1, 2020 between Wayfarer Insurance Brokers Limited and Hagerty Canada, LLC.

7. Membership Interest Purchase Agreement dated as of April 12, 2022 by and among The Hagerty Group, LLC, RK Collection LLC and Mr. Robert Kauffman.

8. Broad Arrow Group, Inc. is the borrower under a credit card with Capital One.

9. Loan Agreement and Assignment in Blank, dated October 14, 2022, made by Hampshire Trust Bank Plc and Broad Arrow Capital UK Limited (1,920,000 pounds).

10. Loan Agreement and Assignment in Blank, dated December 5, 2022, made by Hampshire Trust Bank Plc and Broad Arrow Capital UK Limited (800,000 pounds).

Intercompany Indebtedness:

1. Indebtedness of Hagerty International Limited in favor of Hagerty International Holdings Limited in an outstanding principal amount of £702,714.14 as of the Fifth Amendment Effective Date.

2. Indebtedness of Hagerty International Limited in favor of Hagerty Management, LLC in an outstanding principal amount of £6,710,148.78 as of the Fifth Amendment Effective Date. This indebtedness amount has increased in the amount of £954,201.14 since October 27, 2021.

3. Indebtedness of Hagerty International Limited in favor of Hagerty Insurance Agency, LLC in an outstanding principal amount of £226,864.30 as of the Fifth Amendment Effective Date.

4. Indebtedness of Hagerty International Limited in favor of The Hagerty Group, LLC in an outstanding principal amount of £614,595.00 as of the Fifth Amendment Effective Date.

5. Indebtedness of Hagerty International Holdings Limited in favor of Hagerty Insurance Agency, LLC in an outstanding principal amount of £125,800.00 as of the Fifth Amendment Effective Date.

6. Indebtedness of Hagerty International Holdings Limited in favor of The Hagerty Group, LLC in an outstanding principal amount of £1,058,382.00 as of the Fifth Amendment Effective Date.

7. Multiple Advance Promissory Note, dated as of December 30, 2022, made by Broad Arrow Group, Inc. in favor of The Hagerty Group, LLC in the original principal amount of $5,000,000.00.

8. Promissory Note No. 3, dated as of August 1, 2022, made by Broad Arrow Group, Inc. in favor of The Hagerty Group, LLC, in the original principal amount of $500,000.00.

9. Intercompany Note No. 4, dated as of September 28, 2022, made by Broad Arrow Group, Inc. in favor of The Hagerty Group, LLC, in the original principal amount of $4,950,000.00.

10. Shareholder Loan Agreement, dated March 25, 2022, made by Broad Arrow Group Inc. Limited in favor of Broad Arrow Group UK (original principal amount of GBP 50,000 but which shall be reduced to $0 on December 30, 2022).

11. Shareholder Loan Agreement, dated April 1, 2022, made by Broad Arrow Capital LLC in favor of Broad Arrow Capital Europe Limited (original principal amount of GBP 40,080.98 and with an outstanding balance projected to be £39,980.98 on December 30, 2022.).

12. Shareholder Loan Agreement, dated July 21, 2022, made by Broad Arrow Capital LLC and Broad Arrow Capital UK Limited (outstanding balance of £98,940.80).

13. Loan Agreement, effective March 31, 2022, made by Broad Arrow Capital LLC in favor of Broad Arrow Capital Europe Limited (EUR 1,700,000).

14. Loan Agreement, effective July 15, 2022, made by Broad Arrow Capital LLC in favor of Broad Arrow Capital Europe Limited (USD 251,900).

15. Loan Agreement, effective March 31, 2022, made by Broad Arrow Capital LLC in favor of Broad Arrow Capital UK Limited (345,300 pounds).

16. Loan Agreement, dated July 15, 2022, made by Broad Arrow Capital LLC in favor of Broad Arrow Capital UK Limited (205,000 pounds).

17. Loan Agreement, dated April 4, 2022, made by Broad Arrow Capital LLC in favor of Broad Arrow Capital UK Limited (original principal amount of 1,750,000 reduced to 1,050,000 pounds).

18. Loan Agreement, dated November 14, 2022, made by Broad Arrow Capital LLC in favor of Broad Arrow Capital UK Limited (150,000 pounds).

19. Loans from Broad Arrow Group, Inc. to Broad Arrow Capital LLC:

Agreement nr	Date	Amount
US22001	August 31, 2022	$7,845,607.81
US22002	June 27, 2022	$355,000.00
US22005	July 14, 2022	$2,000,000.00
US22006	July 29, 2022	$415,000.00
US22008	August 3, 2022	$1,000,000.00
US22009	August 22, 2022	$500,000.00
US22010	August 22, 2022	$1,920,000.00
US22011	August 22, 2022	$1,005,000.00
US22014	October 20, 2022	$325,000.00
US22016	November 11, 2022	$94,600.00
US22017	November 18, 2022	$300,000.00
US22019	November 21, 2022	$115,920.00
US22020	November 21, 2022	$250,880.00

Schedule 6.02 - Existing Liens

1. Liens granted pursuant to Loan Agreement, dated October 14, 2022, made by Hampshire Trust Bank Plc and Broad Arrow Capital UK Limited (1,920,000 pounds), secured by Hire Purchase Agreement by and between Darrell Marcus Healey and Broad Arrow Capital UK Limited.

2. Liens granted pursuant to Loan Agreement, dated December 5, 2022, made by Hampshire Trust Bank Plc and Broad Arrow Capital UK Limited (800,000 pounds), secured by Hire Purchase Agreement by and between Broad Arrow Capital UK Limited and Juan Pablo Orjeula.

Debtor	Secured Party	Collateral	Financing Statement
Hagerty Insurance Agency, LLC	De Lage Landen Financial Services, Inc.	The collateral described in Schedule A to Delaware Department of State Financing Statement No. 20167957960, together with all components, additions, upgrades, attachments, accessions, substitutions, replacements and proceeds of such collateral.	20167957960, filed in Delaware on December 22, 2016

Schedule 6.04 - Investments, Loans, Advances, Guarantees, and Acquisitions

Investments Consisting of and in Subsidiaries in Connection with Acquisitions prior to the Fifth Amendment Effective Date:

1. Investment in Align Technologies, Corp. by The Hagerty Group, LLC with Series A Preferred Stock existing as of the Fifth Amendment Effective Date.

2. Acquisition of "MotorsportReg" from Pukka Software by Hagerty Motorsports, LLC on March 21, 2019.

3. Acquisition of "California Mille" from Amici Americani della Mille Miglia by Hagerty Events, LLC on October 16, 2020.

4. Acquisition of "Concours d'Elegance of Greenwich" from Wennerstrom Group LLC by Hagerty Events, LLC on August 30, 2019.

5. Acquisition of "Concours d'Elegance of America" from Concours d'Elegance of America by Hagerty Events, LLC on March 19, 2021.

6. Acquisition of "The Amelia Concours d'Elegance" from The Amelia Island Concours d'Elegance Foundation Inc. by Hagerty Events, LLC on June 17, 2021.

7. Acquisition of "McCalls Motorworks Revival" from McCall Events, Inc. by Hagerty Events, LLC on August 12, 2021.

8. Acquisition of "Infinity Insurance Company" from Infinity Insurance Company by Hagerty Insurance Agency, LLC on July 8, 2019.

9. Acquisition of the stock of Classics & Exotics Inc. by The Hagerty Group, LLC on June 9, 2017.

10. Hagerty International Holdings Limited subscribed to common voting stock in Hothouse Publishing Limited on October 19, 2020.

11. Investment by The Hagerty Group, LLC in Griffin Gaming Partners II, L.P. fund.

12. Loan Agreement and Assignment in blank, dated October 14, 2022, made by Broad Arrow Capital UK Limited and Hampshire Trust Bank Plc (1,920,000 pounds).

13. Loan Agreement and Assignment in Blank, dated December 5, 2022, made by Hampshire Trust Bank Plc and Broad Arrow Capital UK Limited (800,000 pounds).

Intercompany Investments:

1. Investment in Hagerty Insurance Holdings Inc. by The Hagerty Group, LLC existing as of the Fifth Amendment Effective Date.

2. Investment in Hagerty International Holdings Limited by The Hagerty Group, LLC existing as of the Fifth Amendment Effective Date. This investment was a change in Hagerty

International Holdings Limited from The Hagerty Group, LLC and includes an additional investment in Hagerty Enthusiast Limited through Hagerty International Holdings Limited.

3. Broad Arrow Capital LLC converted £1,000,000 of its outstanding loans to Broad Arrow Capital UK Limited to 1,000,000 newly issued shares of Broad Arrow Capital UK Limited valued at £1 each. Broad Arrow Capital LLC holds a total of 1,000,100 shares of Broad Arrow Capital UK Limited, representing 100% of the shares of Broad Arrow Capital UK Limited.

Investments in Permitted Joint Ventures:

1. Investment in Member Hubs Holdings LLC by Hagerty Ventures, LLC and HGS Hub Holdings LLC existing as of the Fifth Amendment Effective Date.

Schedule 6.07 – Transactions with Affiliates

1. Employment Agreement, dated as of January 1, 2018, by and between The Hagerty Group, LLC and McKeel Hagerty (as amended by Compensation Amendment dated January 25, 2021).

2. Third Amended and Restated Master Alliance Agreement, dated June 20, 2019, between The Hagerty Group, LLC and Markel Corporation.

3. Hagerty Reinsurance Limited Quota Share Reinsurance Agreement, effective January 1, 2017, by and between Evanston Insurance Company and Hagerty Reinsurance Limited, as amended by Addendum No. 1, effective January 1, 2017, Addendum No. 2, effective January 1, 2018, Addendum No. 3, effective January 1, 2019, and by Addendum No. 4, effective January 1, 2019.

4. Claims Services and Management Agreement, dated as of January 1, 2013, by and between Markel Service, Incorporated and Hagerty Insurance Agency, LLC, as amended by Amendment No. 1, effective January 1, 2013, Amendment No. 2, effective January 1, 2013, Amendment No. 3, dated May 17, 2016, Amendment No. 4, effective August 1, 2018.

5. Personal Lines Agency Agreement, effective January 1, 2013, by and among Hagerty Insurance Agency, LLC, Hagerty Classic Marine Insurance Agency, LLC and Essentia Insurance Company, as amended by Amendment No. 1, effective January 1, 2013, Amendment No. 1 to Underwriting Guidelines, dated January 1, 2013, Amendment No. 2 Indiana Special Amendment, dated March 14, 2017, Amendment No. 3 Pennsylvania Special Amendment, dated May 4, 2017, Amendment No. 4, dated May 4, 2017, Amendment No. 5, dated August 1, 2018, Amendment No. 6, effective January 1, 2019 and Amendment No. 7, effective July 1, 2020.

6. Producer Agreement dated February 15, 2012, between Hagerty Insurance Agency, LLC and American Underwriting Managers Agency, Inc. (now Markel Service, Inc.).

7. Profit Sharing Agreement, effective January 1, 2019, between Markel Service, Inc. and Hagerty Insurance Agency, LLC.

8. Producer Agreement, effective as of September 1, 2011, by and between Markel Insurance Company, Markel American Insurance Company, Deerfield Insurance Company and Hagerty Insurance Agency, LLC.

9. Agreements evidencing the indebtedness of Hagerty International Limited in favor of Hagerty International Holdings Limited existing as of the Fifth Amendment Effective Date.

10. Agreements evidencing the indebtedness of Hagerty International Limited in favor of Hagerty Management, LLC existing as of the Fifth Amendment Effective Date.

11. Agreements evidencing the indebtedness of Hagerty International Limited in favor of Hagerty Insurance Agency, LLC existing as of the Fifth Amendment Effective Date.

12. Agreements evidencing the indebtedness of Hagerty International Limited in favor of The Hagerty Group, LLC existing as of the Fifth Amendment Effective Date.

13. Agreements evidencing the indebtedness of Hagerty International Holdings Limited in favor of Hagerty Insurance Agency, LLC existing as of the Fifth Amendment Effective Date.

14. Agreements evidencing the indebtedness of Hagerty International Holdings Limited in favor of The Hagerty Group, LLC existing as of the Fifth Amendment Effective Date.

Schedule 6.08 - Restrictive Agreements

None.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____ [and is an Affiliate/Approved Fund of [*identify Lender*]][1]

3. Borrower(s): THE HAGERTY GROUP, LLC

4. Administrative Agent: JPMORGAN CHASE BANK, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: The Amended and Restated Credit Agreement dated as of December 12, 2018 among THE HAGERTY GROUP, LLC, the Lenders party thereto, JPMORGAN CHASE BANK, N.A., as Administrative Agent

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans[2]
Commitment	$	$	%

Effective Date: _____ ____, 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrowers and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

THE ASSIGNEE REPRESENTS AND WARRANTS THAT IT IS NOT A DISQUALIFIED LENDER OR AN AFFILIATE OF A DISQUALIFIED LENDER AND OTHERWISE MEETS ALL THE REQUIREMENTS OF AN ASSIGNEE UNDER THE CREDIT AGREEMENT.

The terms set forth in this Assignment and Assumption are hereby agreed to:

[1] ***Select as applicable.***
[2] ***Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.***

ASSIGNOR

[NAME OF ASSIGNOR]

By: __
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: __
Title:

[Consented to and] Accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent,
Swingline Lender and Issuing Bank

By __
Title: [3]

[Consented to:]

THE HAGERTY GROUP, LLC

By __
Title: [4]

[3] To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
[4] To be added only if the consent of the Company and/or other parties (e.g. Swingline Lender, Issuing Bank) is required by the terms of the Credit Agreement.

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.a Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.b Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (v) it is not a Disqualified Lender or an Affiliate of a Disqualified Lender and satisfies all requirements of an assignee under the Credit Agreement and (vi) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together

shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

COMPLIANCE CERTIFICATE

To: The Lenders party to the
Credit Agreement described below

This Compliance Certificate ("Certificate"), for the period ended [_____ __], 20[__], is furnished pursuant to that certain Amended and Restated Credit Agreement dated as of December 12, 2018 (as amended, restated, amended and restated, supplemented, modified, renewed or extended from time to time, the "Agreement") among The Hagerty Group, LLC (the "Company"), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders. Unless otherwise defined herein, capitalized terms used in this Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES, ON BEHALF OF THE COMPANY AND NOT INDIVIDUALLY, THAT:

1. I am the [_____][5] of the Company and I am authorized to deliver this Certificate on behalf of the Company;

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the compliance of the Company and its Subsidiaries with the Agreement during the accounting period covered by the attached financial statements (the "Relevant Period");

3. The attached financial statements of the Company and, as applicable, its Subsidiaries and/or Affiliates for the Relevant Period: (a) to the extent that the attached financial statements are the Company's annual Fiscal Year-end financial statements, are reported on by Deloitte & Touche LLP, or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit (other than a qualification, exception or explanation resulting solely from any upcoming maturity date of any Indebtedness occurring within one year from the time such opinion is delivered or actual or prospective anticipated defaults under any financial covenants under any such Indebtedness)) to the effect that such financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP and (b) to the extent that the attached financial statements are not the Company's annual Fiscal Year-end financial statements, present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

4. [Except as described in the disclosure below, the] [The] examinations described in paragraph 2 did not disclose, and I have no knowledge of, (a) the existence of any condition or event, which has not been previously disclosed or cured, which constitutes a Default under the Agreement or any other Loan Document during or at the end of the Relevant Period or as of the date of this Certificate or (b) any change in GAAP or in the application thereof that has occurred since the date of the annual financial statements

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[5] ***To conform to Financial Officer.***

delivered to the Administrative Agent in connection with the closing of the Agreement or subsequently delivered as required in the Agreement. [Described below are the exceptions referred to in this paragraph 4 listing, in detail, the (i) nature of the condition or event, the period during which it has existed and the action which the Company has taken, is taking, or proposes to take with respect to each such condition or event or (ii) change in the Accounting Method or the application thereof and the effect of such change on the attached financial statements][6];

5. I hereby certify that, except as set forth below, no Loan Party has changed (i) its name, (ii) its chief executive office, (iii) its principal place of business, (iv) the type of entity it is or (v) its state of incorporation or organization except as set forth below:

[_____
_____];

6. Schedule I attached hereto sets forth financial data and computations[7] demonstrating the Company's compliance with the financial covenants set forth in Section 6.13 of the Agreement.

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this [___] day of [_____, ____].

____

By: __
Name: __
Title: __

[6] ***To be included if relevant.***
[7] ***Schedule I must include reasonably detailed calculation tables for all components of the financial covenant calculations.***

Schedule I to Compliance Certificate

Compliance as of _____, ____ with
Section 6.13 of the Agreement

EXHIBIT C-1

[FORM OF]
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of December 12, 2018 (as amended, restated, amended and restated, supplemented, modified, renewed or extended from time to time, the "Credit Agreement"), among The Hagerty Group, LLC (the "Company"), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders.

Pursuant to the provisions of Section 2.16 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Company with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Company and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Company and the Administrative Agent with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: __
Name: __
Title: __

Date: _____ __, 20[ ]

EXHIBIT C-2

[FORM OF]
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of December 12, 2018 (as amended, restated, amended and restated, supplemented, modified, renewed or extended from time to time, the "Credit Agreement"), among The Hagerty Group, LLC (the "Company"), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders.

Pursuant to the provisions of Section 2.16 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: __
Name: __
Title: __

Date: [_____ __], 20[ ]

EXHIBIT C-3

[FORM OF]
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of December 12, 2018 (as amended, restated, amended and restated, supplemented, modified, renewed or extended from time to time, the "Credit Agreement"), among The Hagerty Group, LLC (the "Company"), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders.

Pursuant to the provisions of Section 2.16 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by a withholding statement together with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: __
Name: __
Title: __

Date: [_____ __], 20[__]

EXHIBIT C-4

[FORM OF]
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of December 12, 2018 (as amended, restated, amended and restated, supplemented, modified, renewed or extended from time to time, the "Credit Agreement"), among The Hagerty Group, LLC (the "Company"), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders.

Pursuant to the provisions of Section 2.16 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any promissory note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Company with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by a withholding statement together with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Company and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Company and the Administrative Agent with a properly completed and currently effective certificate prior to the first payment to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: __
Name: __
Title: __

Date: [_____ __], 20[__]

EXHIBIT D

FOREIGN SUBSIDIARY BORROWER AGREEMENT

THIS FOREIGN SUBSIDIARY BORROWER AGREEMENT (this "Agreement"), dated as of _____, 20__, is entered into by _____, a _____ (the "New Foreign Subsidiary Borrower"), The Hagerty Group, LLC (the "Company") and JPMorgan Chase Bank, N.A., as Administrative Agent, pursuant to the Amended and Restated Credit Agreement (as amended or modified from time to time, the "Credit Agreement"), dated as of December 12, 2018, among the Company, the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent.

WITNESSETH:

WHEREAS, the parties to this Foreign Subsidiary Borrower Agreement wish to designate the New Foreign Subsidiary Borrower as a Foreign Subsidiary Borrower under the Credit Agreement in the manner hereinafter set forth; and

WHEREAS, this Foreign Subsidiary Borrower Agreement is entered into pursuant to the Credit Agreement;

NOW, THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. The New Foreign Subsidiary Borrower hereby acknowledges that it has received and reviewed a copy of the Credit Agreement and the other Loan Documents and unconditionally agrees to: (a) join the Credit Agreement and the other Loan Documents as a Foreign Subsidiary Borrower, (b) be bound by, and hereby ratifies and confirms, all covenants, agreements, consents, submissions, appointments, acknowledgments and other terms and provisions attributable to a Foreign Subsidiary Borrower in the Credit Agreement and the other Loan Documents; and (c) perform all obligations required of it as a Foreign Subsidiary Borrower by the Credit Agreement and the other Loan Documents.

2. The New Foreign Subsidiary Borrower hereby represents and warrants to the Administrative Agent and the Lenders that:

(a) [The New Foreign Subsidiary Borrower is a Wholly-Owned Subsidiary of the Company and satisfies all conditions to becoming a Foreign Subsidiary Borrower under the Credit Agreement.][8]

(b) The representations and warranties with respect to it contained in, or made or deemed made by it in, the Credit Agreement and any other Loan Document are true and correct in all material respects on the date hereof.

(c) The execution, delivery and performance by the New Foreign Subsidiary Borrower of this Agreement are within its organizational powers and have been duly authorized by all necessary organizational, stockholder and other action. This Agreement has been duly executed and delivered by the New Foreign Subsidiary Borrower and constitutes a legal, valid and binding obligation of the New Foreign Subsidiary Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting

[8] Draft Note: DLA to confirm upon review of final structure chart.

creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(d) The execution, delivery and performance by the New Foreign Subsidiary Borrower of this Agreement (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (ii) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the New Foreign Subsidiary Borrower or any of its Subsidiaries or any order of any Governmental Authority, (iii) will not violate or result in a default under any indenture, agreement or other instrument binding upon the New Foreign Subsidiary Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the New Foreign Subsidiary Borrower or any of its Subsidiaries, and (iv) will not result in the creation or imposition of any Lien on any asset of the New Foreign Subsidiary Borrower or any of its Subsidiaries.

(e) The address and jurisdiction of incorporation of the Foreign Subsidiary Borrower is set forth in Schedule A to this Agreement.

3. The Company and each other Borrower represents and warrants to the Administrative Agent and the Lenders that (a) no Default has occurred and is continuing hereunder as of the date hereof; and (b) the representations and warranties made by the Borrowers and contained in Article III of the Credit Agreement are true and correct in all material respects on and as of the date hereof with the same effect as if made on and as of such date (other than those representations and warranties that by their terms speak as of a particular date, which representations and warranties shall be true and correct in all material respects as of such particular date).

4. Each Guarantor agrees that its Guaranty shall remain in full force and effect after giving effect to this Foreign Subsidiary Borrower Agreement, including without limitation after including the New Foreign Subsidiary Borrower as a Foreign Subsidiary Borrower under the Credit Agreement.

5. The New Foreign Subsidiary Borrower shall not become a Foreign Subsidiary Borrower under the Credit Agreement until (a) this Agreement is signed by all parties hereto and by the Administrative Agent and where indicated below and (b) the Administrative Agent shall have received such documents (including legal opinions) and certificates as the Administrative Agent or its counsel may reasonably request relating to the formation, existence and good standing, if applicable, of the New Foreign Subsidiary Borrower, the authorization of Borrowings as they relate to the New Foreign Subsidiary Borrower and any other legal matters relating to the New Foreign Subsidiary Borrower and this Agreement, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

6. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Credit Agreement. This Foreign Subsidiary Borrower Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. Except as expressly amended hereby, each Borrower agrees that the Credit Agreement and the other Loan Documents are ratified and confirmed and shall remain in full force and effect, and that it has no set off, counterclaim, or defense with respect to any of the foregoing. This Foreign Subsidiary Borrower Agreement may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Foreign Subsidiary Borrower Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Foreign Subsidiary Borrower Agreement. This Foreign Subsidiary Borrower Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

7. [Such other modifications to the Credit Agreement provisions reasonably requested by the Administrative Agent relating to laws, regulations and standard practice of the jurisdiction of the New Foreign Subsidiary Borrower].

IN WITNESS WHEREOF, each of the undersigned has caused this Foreign Subsidiary Borrower Agreement to be duly executed and delivered as of the day and year set forth above.

_____, as a Foreign Subsidiary Borrower

By _____
Name:
Title:

THE HAGERTY GROUP, LLC

By _____
Name:
Title:

[EXISTING FOREIGN SUBSIDIARY BORROWERS]

By _____
Name:
Title:

[GUARANTORS]

By _____
Name:
Title:

Acknowledged and Consented to:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By _____
Name:
Title:

SCHEDULE A

ADMINISTRATIVE INFORMATION

Jurisdiction of organization:

Address:

EXHIBIT E

FOREIGN SUBSIDIARY BORROWER TERMINATION

THIS FOREIGN SUBSIDIARY BORROWER TERMINATION (this "Agreement"), dated as of _____, 20__, is entered into by _____, a _____ (the "Terminating Foreign Subsidiary Borrower"), The Hagerty Group, LLC (the "Company") and JPMorgan Chase Bank, N.A., as Administrative Agent, pursuant to the Amended and Restated Credit Agreement (as amended or modified from time to time, the "Credit Agreement"), dated as of December 12, 2018, among the Company, the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent.

WITNESSETH:

WHEREAS, the parties to this Agreement wish to remove the Foreign Subsidiary Borrower as a Foreign Subsidiary Borrower under the Credit Agreement in the manner hereinafter set forth; and

WHEREAS, this Agreement is entered into pursuant to the Credit Agreement;

NOW, THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. The Terminating Foreign Subsidiary Borrower's ability to request or obtain Loans under the Credit Agreement is hereby irrevocably terminated. The Terminating Foreign Subsidiary Borrower shall no longer be considered a "Foreign Subsidiary Borrower" for purposes of requesting or obtaining Loans and, upon payment in full of all Loans made directly to the Terminating Foreign Subsidiary Borrower and any interest, fees and other Obligations related thereto, the Terminating Foreign Subsidiary Borrower shall no longer be a party to the Credit Agreement.

2. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Credit Agreement. This Foreign Subsidiary Borrower Termination shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Foreign Subsidiary Borrower Termination may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Foreign Subsidiary Borrower Termination by telecopy shall be effective as delivery of a manually executed counterpart of this Foreign Subsidiary Borrower Termination. This Foreign Subsidiary Borrower Termination shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, each of the undersigned has caused this Foreign Subsidiary Borrower Termination to be duly executed and delivered as of the day and year set forth above.

_____, as the Terminating Foreign Subsidiary Borrower

By _____
Name:
Title:

THE HAGERTY GROUP, LLC

By _____
Name:
Title:

Acknowledged and Consented to:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By _____
Name:
Title:

Exhibit 21.1

Name	State or Other Jurisdiction of Incorporation	Doing Business As
The Hagerty Group, LLC	Delaware	
Hagerty Asset Management, LLC	Michigan	
Hagerty International Holdings Limited	United Kingdom	
Classic Car Analytics GMBH	Germany	
Hagerty International Limited	United Kingdom	
Hagerty Enthusiast Limited	United Kingdom	
Hagerty Insurance Agency, LLC	Delaware	
Hagerty Canada, LLC	Delaware	
Hagerty Classic Marine Insurance Agency, LLC	Delaware	
Hagerty Driveshare, LLC	Delaware	
Hagerty Motorsports, LLC	Delaware	
Hagerty Drivers Club, LLC	Delaware	
Hagerty Drivers Club Canada, LLC	Delaware	
Historic Vehicle Association, LLC	Delaware	
Historic Vehicle Association Canada, LLC	Delaware	
Hagerty Media Properties, LLC	Michigan	Hagerty Magazine
Hagerty Classic Analytics, LLC	Delaware	
Hagerty Insurance Holdings Inc	Delaware	
Hagerty Reinsurance Limited	Bermuda	
Hagerty Management, LLC	Delaware	
Hagerty Wellness Center, LLC	Michigan	
Cavallino Café, LLC	Michigan	
Hagerty Air, LLC	Michigan	
Hagerty Financial Services, LLC	Michigan	
Hagerty Ventures, LLC	Delaware	
Hagerty Events, LLC	Delaware	Concours of America, Madison Avenue Sports Car Driving and Chowder Society, Greenwich Concours D'Elegance, California Mille
Member Hubs Holdings, LLC	Delaware	
Member Hubs Hospitality LLC	Delaware	Hagerty Garage + Social
Member Hubs Miami, LLC	Delaware	Hagerty Garage + Social
Hagerty Garage and Social Services, LLC	Delaware	
Member Hubs Canada ULC	Canada	Hagerty Garage + Social
Member Hubs Seattle, LLC	Delaware	Hagerty Garage + Social
Member Hubs Culver City, LLC	Delaware	Hagerty Garage + Social
Member Hubs Haskell, LLC	Delaware	Hagerty Garage + Social
Member Hubs Palm Beach, LLC	Delaware	Hagerty Garage + Social
Speed Digital, LLC	North Carolina	
Radwood, Inc.	Delaware	
Broad Arrow Group, Inc.	Delaware	
1000022443 Ontario Inc.	Canada	
Broad Arrow Auctions LLC	Michigan	

Exhibit 21.1

Broad Arrow Capital Europe Limited	United Kingdom	
Broad Arrow Capital LLC	Michigan	Broad Arrow Group

EXHIBIT 23.1 - CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-261810 on Form S-3, and No. 333-263989 on Form S-8 of our report dated March 14, 2023, relating to the consolidated financial statements and financial statement schedule of Hagerty, Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2022.

/s/ DELOITTE & TOUCHE LLP

Detroit, Michigan
March 14, 2023

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, McKeel O Hagerty, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hagerty, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2023

By: /s/ McKeel O Hagerty
McKeel O Hagerty
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick McClymont, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hagerty, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2023

By: /s/ Patrick McClymont

Patrick McClymont
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Hagerty, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my 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 financial condition and result of operations of the Company.

Date: March 14, 2023

By: /s/ McKeel O Hagerty
McKeel O Hagerty
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Hagerty, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my 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 financial condition and result of operations of the Company.

Date: March 14, 2023

By: /s/ Patrick McClymont

Patrick McClymont
Chief Financial Officer
(Principal Financial Officer)