

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

Amendment No. 2

to

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of The Securities Exchange Act of 1934

Concentrix Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-1605762
(I.R.S. Employer
Identification No.)

44111 Nobel Drive, Fremont, California
(Address of principal executive offices)

94538
(Zip Code)

Registrant's telephone number, including area code (800) 747-0583

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

Title of each class to be so registered	Name of each exchange on which each class is to be registered
Common Stock, par value \$0.0001 per share	The Nasdaq Stock Market LLC

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

None

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

INFORMATION REQUIRED IN REGISTRATION STATEMENT

CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. Business.

The information required by this item is contained under the sections “Summary,” “Risk Factors,” “Forward-Looking Statements,” “The Spin-off,” “Unaudited Pro Forma Condensed Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Management,” “Board of Directors,” “Board Compensation,” “Executive Compensation,” “Certain Relationships and Related Party Transactions,” “Where You Can Find More Information” and “Index to Combined Financial Statements” (and the statements referenced therein) of the information statement. Those sections are incorporated herein by reference.

Item 1A. Risk Factors.

The information required by this item is contained under the section “Risk Factors” and “Forward-Looking Statements” of the information statement. Those sections are incorporated herein by reference.

Item 2. Financial Information.

The information required by this item is contained under sections “Summary Historical and Unaudited Pro Forma Combined Financial Information,” “Capitalization,” “Selected Historical Combined Financial Data,” “Unaudited Pro Forma Condensed Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Quantitative and Qualitative Disclosures about Market Risk,” and “Index to Combined Financial Statements” (and the statements referenced therein) of the information statement. Those sections are incorporated herein by reference.

Item 3. Properties.

The information required by this item is contained under the section “Business—Properties” of the information statement. That section is incorporated herein by reference.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

The information required by this item is contained under the section “Principal Stockholders” of the information statement. That section is incorporated herein by reference.

Item 5. Directors and Executive Officers.

The information required by this item is contained under the sections “Management,” and “Board of Directors” of the information statement. Those sections are incorporated herein by reference.

Item 6. Executive Compensation.

The information required by this item is contained under the sections “Board of Directors,” “Board Compensation” and “Executive Compensation” of the information statement. These sections are incorporated herein by reference.

Item 7. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is contained under the sections “Board of Directors” and “Certain Relationships and Related Party Transactions” of the information statement. Those sections are incorporated herein by reference.

Item 8. Legal Proceedings.

The information required by this item is contained under the section “Business—Legal Proceedings” of the information statement. That section is incorporated herein by reference.

Item 9. Market Price of and Dividends on the Registrant’s Common Equity and Related Stockholder Matters.

The information required by this item is contained under the sections “Risk Factors,” “The Spin-off,” “Dividend Policy,” “Capitalization,” and “Description of Capital Stock” of the information statement. Those sections are incorporated herein by reference.

Item 10. Recent Sales of Unregistered Securities.

Not applicable.

Item 11. Description of Registrant’s Securities to be Registered.

The information required by this item is contained under the section “Description of Capital Stock” of the information statement. That section is incorporated herein by reference.

Item 12. Indemnification of Directors and Officers.

The information required by this item is contained under the section “Description of Capital Stock—Indemnification Arrangements” of the information statement. That section is incorporated herein by reference.

Item 13. Financial Statements and Supplementary Data.

The information required by this item is contained under the sections “Summary Historical and Unaudited Pro Forma Combined Financial Information,” “Selected Historical Combined Financial Data,” “Unaudited Pro Forma Condensed Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Index to Financial Statements” (and the statements referenced therein) of the information statement. Those sections are incorporated herein by reference.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 15. Financial Statements and Exhibits.

(a) Financial Statements

The information required by this item is contained under the section “Index to Financial Statements” (and the statements referenced therein) beginning on page F-1 of the information statement. That section is incorporated herein by reference.

(b) Exhibits.

The following documents are filed as exhibits hereto:

<u>Number</u>	<u>Description</u>
2.1	<u>Form of Separation and Distribution Agreement between SYNnex Corporation and Concentrix Corporation.*</u>
3.1	<u>Form of Amended and Restated Certificate of Incorporation of Concentrix Corporation.*</u>
3.2	<u>Form of Amended and Restated Bylaws of Concentrix Corporation.*</u>
10.1	<u>Form of Employee Matters Agreement between SYNnex Corporation and Concentrix Corporation.</u>
10.2	<u>Form of Tax Matters Agreement between SYNnex Corporation and Concentrix Corporation.*</u>
10.3	<u>Form of SYNnex-Concentrix Commercial Agreement between SYNnex Corporation or one or more of its subsidiaries and Concentrix Corporation or one or more of its subsidiaries.</u>
10.4+	<u>Form of Indemnification Agreement between Concentrix Corporation and individual directors and officers.*</u>
10.5+	<u>Form of Concentrix Corporation 2020 Equity Incentive Plan.*</u>
10.6	<u>Credit Agreement, dated as of October 16, 2020, by and among Concentrix Corporation, the subsidiaries of Concentrix Corporation named therein, the lenders party thereto, and Bank of America, N.A., as administrative agent.</u>
10.7	<u>Receivables Financing Agreement, dated as of October 30, 2020, by and among Concentrix Receivables, Inc., as borrower, Concentrix Corporation, as initial servicer, the lenders party thereto, and PNC Bank, National Association, as administrative agent.</u>
10.8	<u>Receivables Purchase Agreement, dated as of October 30, 2020, by and among Concentrix Receivables, Inc., Concentrix Corporation, as servicer, and the subsidiaries of Concentrix Corporation named therein, as originators.</u>
21.1	<u>List of Subsidiaries of Concentrix Corporation.*</u>
99.1	<u>Preliminary Information Statement of Concentrix Corporation, subject to completion, dated October 30, 2020.</u>
99.2	<u>Form of Notice of Internet Availability of Information Statement Materials.</u>

* Previously filed.

+ Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

CONCENTRIX CORPORATION

Date: October 30, 2020

By: /s/ Christopher A. Caldwell
Name: Christopher A. Caldwell
Title: Chief Executive Officer

FORM OF
EMPLOYEE MATTERS AGREEMENT
BY AND BETWEEN
SYNNEX CORPORATION
AND
CONCENTRIX CORPORATION
DATED AS OF [•], 2020

EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT (the "EMA") is made as of [•], 2020 by and among Concentrix Corporation, a Delaware corporation ("Concentrix"), and SYNnex Corporation, a Delaware corporation ("SYNNEX" and together with Concentrix, the "Parties").

WHEREAS, the board of directors of SYNnex (the "SYNNEX Board") has determined that it is in the best interests of SYNnex and its stockholders to make Concentrix an independent publicly traded company operating the Concentrix Business;

WHEREAS, in furtherance of the foregoing, the Board has determined that it is appropriate and desirable to separate the Concentrix Business from the SYNnex Business (the "Separation") and, following the Separation, to make a distribution, on a pro rata basis, to the holders of SYNnex Shares on the Record Date of all the outstanding Concentrix Shares owned by SYNnex (the "Distribution");

WHEREAS, in order to effectuate the Separation and Distribution, SYNnex and Concentrix have entered into a Separation and Distribution Agreement, dated as of [•], 2020 (the "Separation and Distribution Agreement"); and

WHEREAS, in addition to the matters addressed by the Separation and Distribution Agreement, the Parties desire to enter into this EMA to set forth the terms and conditions of certain employment, compensation and benefit matters that have been agreed by the Parties in connection with the Separation.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this EMA, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Definitions.

For purposes of this EMA, the following terms shall have the meanings set forth below. Any terms that are capitalized but not otherwise defined herein shall have the respective meanings assigned to them in the Separation and Distribution Agreement.

"Benefit Plan" shall mean any contract, agreement, policy, practice, program, plan, trust or other arrangement providing for benefits, perquisites or compensation from an employer to any Employee or Former Employee or a family member, dependent or beneficiary of any such Employee or Former Employee, including cash or deferred arrangement plans, profit sharing plans, bonus programs, welfare plans, restricted stock, restricted stock unit and other equity-based compensation and contracts, agreements, policies, practices, programs, plans, trusts and other arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, travel and accident, life, accidental death and dismemberment, disability and accident insurance, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences or holidays; provided, however, that the term "Benefit Plan" does not include any government-sponsored benefits, such as workers' compensation, unemployment or any similar plans, program or policies or individual offer letters.

“Concentrix 401(k) Plan” shall mean the Concentrix Retirement and Savings Plan.

“Concentrix Awards” shall mean Concentrix Options, Concentrix RSA Awards and Concentrix RSU Awards, collectively.

“Concentrix Benefit Plan” shall mean any Benefit Plan sponsored, maintained or, unless such Benefit Plan is sponsored or maintained by a member of the SYNEX Group, contributed to by any member of the Concentrix Group.

“Concentrix Employee” shall mean each individual who is intended to be an employee of the Concentrix Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence (including due to a short-term or long-term disability)).

“Concentrix Equity Plan” shall mean the Concentrix 2020 Stock Incentive Plan.

“Concentrix Option” shall mean an option to purchase Concentrix Shares granted by Concentrix pursuant to the Concentrix Equity Plan in accordance with Section 5.

“Concentrix Ratio” shall mean the quotient obtained by dividing the SYNEX Stock Value by the Concentrix Stock Value.

“Concentrix RSA Award” shall mean a restricted stock award granted pursuant to the Concentrix Equity Plan in accordance with Section 5.

“Concentrix RSU Award” shall mean a restricted stock unit award granted pursuant to the Concentrix Equity Plan in accordance with Section 5.

“Concentrix Stock Value” shall mean the value of Concentrix Shares determined based on the methodology specified by the SYNEX Compensation Committee and, in the case of the Concentrix Management Awards, the Concentrix Compensation Committee.

“Distribution” shall have the meaning set forth in the recitals to this EMA.

“Distribution Date” shall mean the date of the consummation of the Distribution, which shall be determined by the SYNEX Board in its sole and absolute discretion.

“Employee” shall mean any SYNEX Employee or Concentrix Employee.

“Employment Taxes” shall mean all fees, Taxes, social insurance payments or similar contributions to a fund of a Governmental Authority with respect to wages or other compensation of an employee or other service provider.

“ERISA” shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended.

“Former Employee” shall mean any individual who is a former employee of SYNnex or Concentrix as of immediately prior to the Effective Time and who will not be employed or engaged by either Party following the Effective Time.

“Former Concentrix Employee” shall mean any Former Employee (i) who is identified as a Former Concentrix Employee on the list previously prepared by SYNnex and set forth as Schedule A to this EMA, or (ii) whose most recent employment with SYNnex was with a member of the Concentrix Group or the Concentrix Business.

“Former SYNnex Employee” shall mean any Former Employee who is not a Former Concentrix Employee.

“IRS” shall mean the United States Internal Revenue Service.

“Parties” shall have the meaning set forth in the preamble to this EMA.

“Post-Separation SYNnex Stock Value” shall mean the value of SYNnex Shares following the Distribution determined based on the methodology specified by the SYNnex Compensation Committee.

“Separation” shall have the meaning set forth in the recitals to this EMA.

“Separation and Distribution Agreement” shall have the meaning set forth in the recitals to this EMA.

“SYNnex 401(k) Plan” shall mean the SYNnex Corporation 401(k) Plan.

“SYNnex Awards” shall mean SYNnex Options, SYNnex RSA Awards and SYNnex RSU Awards, collectively.

“SYNnex Benefit Plan” shall mean any Benefit Plan established, sponsored or maintained by SYNnex immediately prior to the Effective Time, but excluding any Concentrix Benefit Plan.

“SYNnex Director” means any individual who is a current or former non-employee director of SYNnex.

“SYNnex Employee” shall mean each individual who was employed by the SYNnex Group prior to the Effective Time and who is intended to be employed by the SYNnex Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence (including due to a short-term or long-term disability)).

“SYNnex Equity Plan” shall mean any equity compensation plan sponsored or maintained by SYNnex immediately prior to the Effective Time.

“SYNNEX Option” shall mean an option to purchase SYNNEX Shares granted pursuant to a SYNNEX Equity Plan that is outstanding as of immediately prior to the Effective Time.

“SYNNEX Ratio” shall mean the quotient obtained by dividing the SYNNEX Stock Value by the Post-Separation SYNNEX Stock Value.

“SYNNEX RSA Award” shall mean a restricted stock award granted pursuant to a SYNNEX Equity Plan that is outstanding as of immediately prior to the Effective Time.

“SYNNEX RSU Award” shall mean a restricted stock unit award granted pursuant to a SYNNEX Equity Plan that is outstanding as of immediately prior to the Effective Time.

“SYNNEX Stock Value” shall mean the value of SYNNEX Shares prior to the Distribution determined based on the methodology specified by the SYNNEX Compensation Committee and, in the case of the Concentrix Management Awards, the Concentrix Compensation Committee.

“Taxes” shall have the meaning set forth in the Tax Matters Agreement.

2. Savings Plans

2.1 Transfer of Concentrix Account Balances. Not later than the Effective Time (or such later time as mutually agreed to by the Parties), SYNNEX shall cause the trustee of the SYNNEX 401(k) Plan to transfer from the trust that forms a part of the SYNNEX 401(k) Plan to the trust that forms a part of the Concentrix 401(k) Plan the account balances of the Concentrix Employees under the SYNNEX 401(k) Plan, determined as of the date of the transfer. Such transfers shall be made in kind, including promissory notes evidencing the transfer of outstanding loans. Any asset and liability transfers pursuant to this Section 2.1 shall comply in all respects with Section 414(l) and 411(d)(6) of the Code.

2.2 Transfer of SYNNEX Account Balances. Not later than the Effective Time (or such later date as mutually agreed to by the Parties), Concentrix shall cause the trustee of the Concentrix 401(k) Plan to transfer from the trust that forms a part of the Concentrix 401(k) Plan to the trust that forms a part of the SYNNEX 401(k) Plan the account balances of any SYNNEX Employees under the Concentrix 401(k) Plan, determined as of the date of the transfer. Such transfers shall be made in kind, including promissory notes evidencing the transfer of outstanding loans. Any asset and liability transfers pursuant to this Section 2.2 shall comply in all respects with Section 414(l) and 411(d)(6) of the Code.

3. General Principles for Transfer and Assumption of Benefits

3.1 Acceptance and Assumption of Concentrix Benefits Liabilities. Except as otherwise agreed to by the Parties on or prior to the Effective Time, Concentrix shall accept, assume and agree faithfully to perform, discharge and fulfill all of the following Liabilities, regardless of when or how such Liabilities arose or are asserted: (i) any and all employee compensation or benefits payable to or on behalf of any Concentrix Employees or Former Concentrix Employees after the Effective Time; (ii) any and all Liabilities with respect to claims under a Concentrix Benefit Plan; (iii) any and all Liabilities with respect to claims or proceedings ongoing or pending with respect to Concentrix Employees or Former Concentrix Employees; and (iv) any and all other Liabilities expressly assumed or retained by Concentrix pursuant to this EMA.

3.2 Acceptance and Assumption of SYNnex Benefits Liabilities. Except as otherwise agreed to by the Parties on or prior to the Effective Time, SYNnex shall accept, assume and agree faithfully to perform, discharge and fulfill all of the following Liabilities, regardless of when or how such Liabilities arose or are asserted: (i) any and all employee compensation or benefits payable to or on behalf of any SYNnex Employees or Former SYNnex Employees after the Effective Time; (ii) any and all Liabilities with respect to claims under a SYNnex Benefit Plan; (iii) any and all Liabilities with respect to claims or proceedings ongoing or pending with respect to SYNnex Employees or Former SYNnex Employees; and (iv) any and all other Liabilities expressly assumed or retained by SYNnex pursuant to this EMA.

3.3 Transfer and Assumption of Benefit Plans. The Parties shall agree in good faith on the treatment of any Benefit Plans not specifically addressed in this EMA. Notwithstanding anything to the contrary in this EMA, no participant in any Benefit Plan shall receive service credit or benefits to the extent that receipt of such service credit or benefits would result in duplication of benefits. Furthermore, unless expressly provided for in this EMA, no provision in this EMA shall be construed to create any right to accelerate vesting, distributions or entitlements under any Benefit Plan sponsored or maintained by SYNnex or Concentrix on the part of any Employee or Former Employee. References to SYNnex Employees, Concentrix Employees, Former SYNnex Employees and Former Concentrix Employees shall be deemed to refer to their beneficiaries, dependents, survivors and alternate payees, as applicable.

4. Assignment of Employees

4.1 Assignments and Transfer of Employees. Effective as of no later than the Effective Time and except as otherwise agreed by the Parties, SYNnex shall use its commercially reasonable efforts to ensure that (a) each Concentrix Employee is employed by Concentrix as of immediately after the Effective Time and (b) each SYNnex Employee is employed by SYNnex as of immediately after the Effective Time. Each of the Parties agrees to execute, and to seek to have the applicable Employees execute, such documentation as may be necessary to reflect such assignment or transfer.

4.2 At-Will Status. Nothing in this EMA shall create any obligation on the part of SYNnex or Concentrix to (a) continue the employment of any Employee or permit the return from a leave of absence for any period after the date of this EMA (except as required by applicable law) or (b) change the employment status of any Employee from "at will," to the extent that such Employee is an "at will" employee under applicable law.

4.3 Severance. The Parties acknowledge and agree that, except as required by applicable law, the Separation and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 4 shall not be deemed an involuntary termination of employment entitling any Concentrix Employee or SYNnex Employee to severance payments or benefits.

4.4 Not a Change in Control. The Parties acknowledge and agree that neither the consummation of the Separation nor any transaction contemplated by this EMA, the Separation and Distribution Agreement or any ancillary agreement shall be deemed a “change in control,” a “change of control,” or term of similar import for purposes of any Benefit Plan or other employee or service provider arrangement sponsored or maintained by SYNnex or Concentrix; provided, however, that, for purposes of the July 2019 Awards (as defined below) only, the Separation and Distribution shall be deemed a “change in control of Concentrix,” as used in the award agreements governing such awards.

5. Equity Incentive Awards.

5.1 Outstanding SYNnex Options. Each SYNnex Option held by a SYNnex Employee, a SYNnex Director, a Concentrix Employee, or a Former Employee, that is outstanding and unexercised as of immediately prior to the Effective Time, shall be converted into both a SYNnex Option and a Concentrix Option, and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to such SYNnex Option immediately prior to the Effective Time (except that, for Concentrix Employees, references to service with SYNnex in the applicable plan and award agreement shall be deemed to refer to service with Concentrix, unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the SYNnex Option or the Concentrix Option after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time, (i) the per share exercise price of such SYNnex Option, rounded up to the nearest whole cent, shall be equal to the quotient obtained by dividing (A) the per share exercise price of such SYNnex Option immediately prior to the Effective Time by (B) the SYNnex Ratio; and (ii) the per share exercise price of such Concentrix Option, rounded up to the nearest whole cent, shall be equal to the quotient obtained by dividing (A) the per share exercise price of the corresponding SYNnex Option immediately prior to the Effective Time by (B) the Concentrix Ratio.

5.2 Outstanding SYNnex RSU Awards. Each SYNnex RSU Award held by a SYNnex Employee, a SYNnex Director, a Concentrix Employee (other than such SYNnex RSUs as are subject to Section 5.3), or a Former Employee that is outstanding as of immediately prior to the Effective Time, shall be converted into both a SYNnex RSU and a Concentrix RSU and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to such SYNnex RSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares (except that, for Concentrix Employees, references to service with SYNnex in the applicable plan and award agreement shall be deemed to refer to service with Concentrix, unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the SYNnex RSU Award or the Concentrix RSU Award after the Effective Time if necessary and appropriate to comply with applicable Law. For any SYNnex RSU Awards that are subject to performance-based vesting as of or after the Effective Time, SYNnex shall determine the extent to which the performance criteria (as interpreted by SYNnex, in its sole discretion) have been met and the number of RSUs that shall vest for each SYNnex Employee, and SYNnex and Concentrix shall determine in good faith the extent to which the performance criteria have been met and the number of RSUs that shall vest for each Concentrix Employee.

5.3 Certain Concentrix RSU Awards.

(a) On or as promptly as practicable following the Distribution Date, certain outstanding SYNnex RSU Awards held by Concentrix Employees with a grant date of July 19, 2019 (the "July 2019 Awards") and certain outstanding SYNnex RSU Awards held by Concentrix Employees with a grant date of February 14, 2018 or February 1, 2019 (the "Concentrix LTIP Awards" and, together with the July 2019 Awards, the "Concentrix Management Awards") and, in each case, designated by SYNnex or Concentrix for treatment under this Section 5.3 shall be converted into Concentrix RSU Awards and shall otherwise be subject to substantially the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding SYNnex RSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares (except that references to SYNnex in the applicable plan and award agreement shall refer to Concentrix); provided, however, that certain restrictions may be imposed on the Concentrix RSU Award after the Effective Time if necessary and appropriate to comply with applicable Law, and further provided, that from and after the Effective Time, the number of Concentrix Shares to which such Concentrix RSU Award relates shall be equal to the product obtained by multiplying (i) the number of SYNnex Shares to which the corresponding Concentrix Management Award related immediately prior to the Effective Time by (ii) the Concentrix Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, SYNnex or any member of the SYNnex Group, as determined by SYNnex in its sole discretion, the shares subject to the Concentrix RSU Award may instead be rounded down to the nearest whole number of shares). For any Concentrix RSU Awards that are subject to performance-based vesting as of or after the Effective Time, Concentrix shall determine the extent to which the performance criteria (as interpreted by Concentrix, in its sole discretion) have been met and the number of RSUs that shall vest for each Concentrix Employee.

(b) On or as promptly as practicable following the Distribution Date, certain outstanding SYNnex RSU Awards held by SYNnex Employees with a grant date of February 14, 2018 or February 1, 2019 (collectively, the "SYNnex LTIP Awards") and designated by SYNnex for treatment under this Section 5.3 shall be adjusted by SYNnex by multiplying (i) the number of SYNnex Shares to which the corresponding SYNnex LTIP Award related immediately prior to the Effective Time by (ii) the SYNnex Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, SYNnex or any member of the SYNnex Group, as determined by SYNnex in its sole discretion, the shares subject to the SYNnex LTIP Award may instead be rounded down to the nearest whole number of shares). Such adjusted SYNnex LTIP Awards shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding SYNnex LTIP Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares.

5.4 Outstanding SYNnex RSA Awards. Each SYNnex RSA Award held by a SYNnex Employee, a SYNnex Director, a Concentrix Employee, or a Former Employee that is outstanding as of immediately prior to the Effective Time, shall be converted into both a SYNnex RSA Award and a Concentrix RSA Award and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to such SYNnex RSA Award immediately prior to the Effective Time (except that, for Concentrix Employees, references to service with SYNnex in the applicable plan and award agreement shall be deemed to refer to service with Concentrix, unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the SYNnex RSA Award or the Concentrix RSA Award after the Effective Time if necessary and appropriate to comply with applicable Law. Concentrix shall use commercially reasonable efforts to timely obtain from each person who is receiving a Concentrix RSA Award a signed election form under Section 83(b) of the Internal Revenue Code with respect to any unvested Concentrix Shares for which such person desires to make a Section 83(b) election.

5.5 Tax Reporting and Withholding. Unless prohibited by applicable Law, following the Effective Time, (i) SYNnex shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, and entitled to all tax deductions, associated with SYNnex Awards, and (ii) Concentrix shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, and entitled to all tax deductions associated with, Concentrix Awards. SYNnex and Concentrix agree to enter into any necessary agreements regarding the subject matter of this Section 5 to enable SYNnex and Concentrix to fulfill their respective obligations hereunder, including but not limited to compliance with all applicable Laws regarding the reporting, withholding or remitting of income and/or taxes.

5.6 Registration and Other Regulatory Requirements. Concentrix agrees to file one or more registration statements with respect to, and to cause to be registered pursuant to the Securities Act, the Concentrix Shares authorized for issuance under the Concentrix Equity Plan, as required pursuant to the Securities Act, before the date of issuance of any Concentrix Shares pursuant to the Concentrix Equity Plan. The Parties shall take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this Section 5, including compliance with securities Laws and other legal requirements associated with equity compensation awards in affected non-U.S. jurisdictions.

5.7 SYNEX Awards in Certain Non-U.S. Jurisdictions. Notwithstanding the foregoing provisions of this Section 5, the Parties may mutually agree, in their sole discretion, not to treat certain outstanding SYNEX Awards held by individuals located outside of the United States pursuant to the foregoing provisions of this Section 5, where those actions would create or trigger adverse legal, accounting or tax consequences for SYNEX, Concentrix, and/or the affected non-U.S. award holders. In such circumstances, SYNEX and/or Concentrix may take any action necessary or advisable to prevent any such adverse legal, accounting or tax consequences, including, but not limited to, agreeing to modify any aspect of the treatment set forth in this Section 5 or to apply an alternate treatment. Where and to the extent required by applicable Law or tax considerations outside the United States, any adjustments described in this Section 5 shall be deemed to have been effectuated immediately prior to the Distribution Date.

5.8 Concentrix Nonequity Incentive Plan. Following the Effective Time, Concentrix shall assume any non-equity bonus arrangements under which Concentrix Employees participate. Concentrix shall be responsible for determining all non-equity bonus awards that would otherwise be payable to Concentrix Employees for any performance periods that are open when the Effective Time occurs or that begin following the Effective Time. Concentrix shall also determine for Concentrix Employees (i) the extent to which established performance criteria (as interpreted by Concentrix, in its sole discretion) have been met and (ii) the payment level for each Concentrix Employee.

6. General and Administrative

6.1 Employee Records.

(a) *Sharing of Information.* Subject to and in compliance with any limitations imposed by applicable Law, SYNEX and Concentrix (acting directly or through members of the SYNEX Group or the Concentrix Group, respectively) shall provide to the other and their respective authorized agents and vendors all information necessary (including information for purposes of determining benefit eligibility, participation, vesting and calculation of benefits) on a timely basis under the circumstances for the parties to perform their respective duties under this EMA. To the extent that such information is maintained by a third party vendor, each party shall use its commercially reasonable efforts to require the third party vendor to provide the necessary information and assist in resolving discrepancies or obtaining missing data.

(b) *Transfer of Personnel Records and Authorization.* Subject to and in compliance with any limitation imposed by applicable Law and to the extent that it has not done so before the Effective Time, SYNnex shall transfer to Concentrix any and all employment records (including any Form I-9, Form W-2 or other IRS and relevant tax forms applicable in any non-U.S. jurisdiction) with respect to Concentrix Employees and Former Concentrix Employees and other records reasonably required by Concentrix to enable Concentrix properly to carry out its obligations under this EMA. Subject to and in compliance with any limitation imposed by applicable Law and to the extent that it has not done so before the Effective Time, Concentrix shall transfer to SYNnex any and all employment records (including any Form I-9, Form W-2 or other IRS and relevant Tax forms applicable in any non-U.S. jurisdiction) with respect to SYNnex Employees and Former SYNnex Employees and other records reasonably required by SYNnex to enable SYNnex properly to carry out its obligations under this EMA. The transfer of records generally shall occur as soon as administratively practicable at or after the Effective Time. Each Party will permit the other Party reasonable access to Employee records, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

(c) *Access to Records.* To the extent not inconsistent with this EMA, the Separation and Distribution Agreement or any applicable privacy protection Laws or regulations, reasonable access to Employee-related and Benefit Plan-related records after the Effective Time will be provided to members of the SYNnex Group and members of the Concentrix Group pursuant to the terms and conditions of Article VI of the Separation and Distribution Agreement.

(d) *Maintenance of Records.* With respect to retaining, destroying, transferring, sharing, copying and permitting access to all Employee-related information, SYNnex and Concentrix shall comply with all applicable Laws, regulations and internal policies, and shall indemnify and hold harmless each other from and against any and all Liability, claims, actions, and damages that arise from a failure (by the indemnifying Party or its Subsidiaries or their respective agents) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

(e) *Cooperation.* Each Party shall use commercially reasonable efforts to cooperate and work together to unify, consolidate and share (to the extent permissible under applicable privacy/data protection laws) all relevant documents, resolutions, government filings, data, payroll, employment and Benefit Plan information on regular timetables and cooperate as needed with respect to (i) any claims or reasonable inquiry under, audit of, or litigation with respect to, a Benefit Plan, policy or arrangement contemplated by this EMA, (ii) efforts to seek a determination letter, private letter ruling or advisory opinion from the IRS or U.S. Department of Labor, or other comparable non-U.S. letter, ruling or opinion from any other Governmental Authority as applicable, in any such case on behalf of any Benefit Plan, policy or arrangement contemplated by this EMA, (iii) any filings that are required to be made or supplemented to the IRS, U.S. Pension Benefit Guaranty Corporation, U.S. Department of Labor or any other Governmental Authority and (iv) any audits by a Governmental Authority or corrective actions in either case, relating to any Benefit Plan, labor or payroll practices, including but not limited to with respect to any Employment Taxes, and (v) reconciliation and administration of post-closing compensation, benefit, employment, and payroll issues; provided, however, that requests for cooperation must be reasonable and not unduly interfere with daily business operations.

(f) *Confidentiality*. Notwithstanding anything in this EMA to the contrary, all confidential records and data relating to Employees to be shared or transferred pursuant to this EMA shall be subject to Section 6.9 of the Separation and Distribution Agreement and the requirements of applicable Law.

(g) *Interaction with Other Agreements*. To the extent not inconsistent with this EMA or any applicable privacy protection Laws or regulations, the foregoing rights and obligations of this Section 6.1 shall be in addition to any similar or related rights and obligations that may be provided or applicable to members of the SYNEX Group or members of the Concentrix Group, as applicable, under the Separation and Distribution Agreement or Tax Matters Agreement, if and as applicable.

6.2. Preservation of Rights to Amend. The rights of each member of the SYNEX Group and each member of the Concentrix Group to amend, waive, or terminate any plan, arrangement, agreement, program, or policy referred to herein shall not be limited in any way by this EMA.

6.3. Fiduciary Matters. SYNEX and Concentrix each acknowledges that actions required to be taken pursuant to this EMA may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this EMA if it fails to comply with any provisions hereof based upon its good faith determination (which determination may include, but shall not be required to be, based on advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

6.4. Code Section 409A. Notwithstanding anything to the contrary herein, if any of the provisions of this EMA would result in imposition of taxes and/or penalties under Section 409A of the Code, SYNEX and Concentrix shall cooperate in good faith to modify the applicable provision so that such taxes and/or penalties do not apply in order to comply with the provisions of Section 409A of the Code, other applicable provisions of the Code and/or any rules, regulations or other regulatory guidance issued under such statutory provisions.

6.5. Further Assurances. Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this EMA and the transactions contemplated hereby.

6.6. Counterparts; Entire Agreement; Corporate Power.

(a) This EMA may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This EMA, the Separation and Distribution Agreement and the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous

agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. SYNnex represents on behalf of itself and, to the extent applicable, each other member of the SYNnex Group, and Concentrix represents on behalf of itself and, to the extent applicable, each other member of the Concentrix Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this EMA and to consummate the transactions contemplated hereby; and

(ii) this EMA has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

(c) Each Party acknowledges that it and each other Party is executing this EMA by facsimile, stamp or mechanical signature and that delivery of an executed counterpart of a signature page to this EMA (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this EMA. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause this EMA to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

6.7. Governing Law. This EMA (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware, irrespective of the choice of Laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

6.8. Assignability. This EMA will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, that neither Party may assign its rights or delegate its obligations under this EMA without the express prior written consent of the other Party. Notwithstanding the foregoing, no such consent will be required for (i) the assignment of a Party's rights and obligations under this EMA in whole or in part to any of its Subsidiaries; provided, that no such assignment shall release such Party from any liability or obligation under this EMA; or (ii) the assignment of a Party's rights and obligations under this in whole (*i.e.*, the assignment of a party's rights and obligations under this EMA, the Separation and Distribution Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form

and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or will be construed to, prohibit either Party or any member of its Group from being party to or undertaking a change of control.

6.9. Third-Party Beneficiaries. The provisions of this EMA are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder. There are no third-party beneficiaries of this EMA and this EMA shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this EMA. Nothing in this EMA is intended to amend any Benefit Plan or affect the applicable plan sponsor's right to amend or terminate any Benefit Plan pursuant to the terms of such plan. The provisions of this EMA are solely for the benefit of the Parties, and no current or former Employee, officer, director, independent contractor, consultant, alternative workforce (AWF) individual or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this EMA.

6.10. Notices. All notices, requests, claims, demands or other communications under this EMA shall be in writing, together with a copy by electronic mail (which shall not constitute notice) and shall be given or made (and shall be deemed to have been duly given or made upon acknowledgement of receipt) by delivery in person, by overnight courier service, by facsimile, 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 specified in a notice given in accordance with this Section 6.10):

If to SYNnex, to:

SYNNEX Corporation
44201 Nobel Drive
Fremont, CA 94538
Attn: General Counsel

If to Concentrix, to:

Concentrix Corporation
44111 Nobel Drive
Fremont, CA 94538
Attn: EVP, Legal

A Party may, by notice to the other Party, change the address to which such notices are to be given.

6.11. Severability. If any provision of this EMA or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

6.12. Force Majeure. No Party shall be deemed in default of this EMA or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligation (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this EMA and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

6.13. Headings. The article, section and paragraph headings contained in this EMA are for reference purposes only and shall not affect in any way the meaning or interpretation of this EMA.

6.14. Survival of Covenants. Except as expressly set forth in this EMA, the covenants, representations and warranties and other agreements contained in this EMA, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect in accordance with its terms.

6.15. Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this EMA shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this EMA shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

6.16. Dispute Resolution. The dispute resolution procedures set forth in Article VII of the Separation and Distribution Agreement shall apply to any dispute, controversy or claim arising out of or relating to this EMA.

6.17. Specific Performance. Subject to Article VII of the Separation and Distribution Agreement, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this EMA, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) in respect of its rights or their rights under this EMA, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at Law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived by each of the Parties.

6.18. Amendments. No provisions of this EMA shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

6.19. Interpretation. In this EMA, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this EMA as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this EMA; (c) Article, Section, Schedule, Exhibit, and Appendix references are to the Articles, Sections, Schedules, Exhibits, and Appendices to this EMA unless otherwise specified; (d) unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of similar import when used in this EMA shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “business day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or San Jose, California; (i) references herein to this EMA or any other agreement contemplated herein shall be deemed to refer to this EMA or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (j) unless expressly stated to the contrary in this EMA, all references to “the date hereof,” “the date of this EMA,” “hereby” and “hereupon” and words of similar import shall all be references to [•], 2020.

6.20. Limitations of Liability. Notwithstanding anything in this EMA to the contrary, neither Concentrix or any member of the Concentrix Group, on the one hand, nor SYNEX or any member of the SYNEX Group, on the other hand, shall be liable under this EMA to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim).

6.21. Mutual Drafting. This EMA shall be deemed to be the joint work product of both Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable to this EMA.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Employee Matters Agreement has been duly executed and delivered by the parties hereto by their respective officers thereunto duly authorized as of the date first written above.

CONCENTRIX CORPORATION

By: _____
Name:
Title:

SYNNEX CORPORATION

By: _____
Name:
Title:

[Signature Page to Employee Matters Agreement]

Form of SYNnex-Concentrix Commercial Agreement

This Agreement applies to services and other items that Concentrix may supply to SYNnex, or SYNnex may supply to Concentrix (each, as applicable and as indicated in the relevant Statement of Work, the "Supplier" or "Customer"). The specific services or other items to be provided by Supplier will be as described in one or more Statements of Work referencing this Agreement and signed by both parties.

1. DEFINITIONS

- 1.1 "Affiliate" means any corporation, partnership or other business entity that controls, is controlled by, or is under common control with another entity.
- 1.2 "Agreement" means this SYNnex-Concentrix Commercial Agreement.
- 1.3 "Deliverables" has the meaning set forth in Section 5.1(B) (Deliverables).
- 1.4 "Customer Materials" has the meaning set forth in Section 5.1(A) (Ownership).
- 1.5 "Party" and related terms. As used herein: (i) "parties" means Supplier and Customer collectively, (ii) "party" means either Supplier or Customer, as the context dictates, and (iii) "third party" or "third parties" means any person(s) or entity(ies) other than the parties.
- 1.6 "Required Consents" has the meaning set forth in Section 2.3 (Consents).
- 1.7 "Services" means the services to be provided by Supplier to Customer as expressly set forth in an SOW. "Services" also includes any services, functions, and responsibilities which are not specified in an SOW but are reasonably and necessarily required for the proper performance and provision of the Services.
- 1.8 "Statement(s) of Work" or "SOW(s)" means document(s), executed by both parties and referencing this Agreement, describing Services to be provided by Supplier to Customer.
- 1.9 "Supplier Materials" has the meaning set forth in Section 5.1(A) (Ownership).
- 1.10 "Term" has the meaning set forth in Section 10.1 (Term and Termination).

Terms defined in the body of the Agreement that are not used outside of the Section in which they are defined are not listed above.

2. SERVICES

2.1 Statements of Work. Services will be provided hereunder pursuant to SOW(s) executed by the parties. Each SOW shall be governed by the terms of this Agreement and shall specify details with respect to the transaction such as the Services and Deliverables (if any) to be provided by Supplier, applicable pricing, support to be provided by Customer, and the start date and delivery schedule. In the event of an inconsistency between the terms of this Agreement and those of any SOW, the provisions of this Agreement shall control. This Agreement does not commit Supplier or Customer to any particular quantity or dollar amount of Services. Any such commitments will be as set forth in the applicable SOW(s).

2.2 Change in Services. Customer or Supplier may propose changes to the Services. Any proposed changes will be provided to the other party in writing. Supplier will evaluate proposed changes and will advise Customer of any changes to price, schedule, or other terms associated with such change. Changes shall be effective only upon written agreement signed by an authorized representative of each party. Any agreed dates or timeframes for delivery of Services shall be extended by the period of any delay in commencement of Services or inability to provide Services that is not the fault of Supplier. Supplier shall be entitled to reimbursement of its reasonable costs incurred as a result of any such delay or inability caused by the acts or omissions of Customer.

2.3 Consents. Customer will ensure that (i) any information or materials provided by Customer will not violate or infringe upon the rights of third parties; (ii) Supplier will have sufficient, free, and safe access to facilities, systems, programs products and business processes owned or otherwise accessed or used by the Customer to the extent reasonably required for performance of the Services; and (iii) any consents or approvals required in connection with such access, are obtained ((i), (ii) and (iii) collectively, "Required Consents").

2.4 Affiliates. Affiliates of SYNnex and/or Concentrix may also enter into SOW(s) under this Agreement. In this case, references to "Customer" and "Supplier" in this Agreement shall be deemed to be references to the Affiliate(s) executing the SOW.

3. FEES AND PAYMENT

3.1 Rates. Customer will pay Supplier in accordance with the billing structure and rates set forth in the SOW. Unless provided otherwise in an SOW, the rates referenced in any SOW shall be subject to an increase, not to exceed any increase in the Consumer Price Index in the relevant delivery location over the previous year, in each year after the first year of the Term of such SOW. Any such increase shall be effective upon ten (10) days' notice. To the extent applicable, an SOW may also provide for adjustment of rates based on changes in foreign exchange rates.

3.2 Expense Reimbursement. Customer will reimburse Supplier for reasonable travel, living, and other documented expenses that are incurred by Supplier personnel in connection with the performance of the SOW and approved in advance by the Customer.

3.3 Taxes, Duties, and Fees. The rates and compensation set forth in the SOW are exclusive of all applicable local, state and federal sales and use taxes, value added taxes, withholding taxes, excise taxes, duties, or any other governmental fees and taxes of whatever nature applicable to the delivery of the Services, whether now in force or enacted in the future. Customer will be responsible for and will pay when due any and all such taxes, duties, and fees (excluding taxes based on Supplier's net income).

3.4 Invoicing, Itemization, and Payment. Supplier will invoice Customer for the Services provided during each month on or before the 10th day of the following month. Payment of invoices is due no later than thirty (30) days following the end of the month during which Services were provided ("Payable Date") Supplier will maintain records in support of its charges to the customer for at least one year after the date of the applicable invoice. If Customer wishes to dispute a charge on an invoice, Customer must identify the amount of the disputed charge and notify Supplier in writing of its dispute within a reasonable time, but in no event more than thirty (30) days of the invoice date, or the dispute shall be waived and the Services and/or

associated Deliverables will be deemed accepted. Any payment not received by the Payable Date will be assessed a late payment charge of one percent (1%) per month, or the highest rate allowed by applicable law, whichever is lower. Unless otherwise agreed by the parties, invoicing and payment shall be in the currency specified in the SOW or, if no currency is specified, United States Dollars.

3.5 Initial Investments. As an accommodation to Customer, Supplier may allocate Customer's payment for certain initial investments made by Supplier in relation to Services over the Term of the applicable SOW. Any investments so allocated will be identified in the SOW. In the event an SOW is terminated prior to expiration of its Term for any reason, Customer shall pay Supplier, in addition to other amounts owed pursuant to the terms of this Agreement, the amount of any such investments that were allocated to periods after the date of termination.

4. WARRANTY

4.1 Supplier warrants that: (i) Services will be performed using reasonable care and skill and (ii) any Deliverables will conform substantially to the specifications as set forth in the applicable SOW for ninety (90) days after delivery to the Customer.

4.2 THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES WHETHER STATUTORY, EXPRESS, OR IMPLIED, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE AND NON-INFRINGEMENT. SUPPLIER DOES NOT WARRANT UNINTERRUPTED OR ERROR FREE PERFORMANCE OF SERVICES OR DELIVERABLES.

5. PROPRIETARY RIGHTS

5.1 Intellectual Property Rights. Except as expressly set forth herein, each party shall retain sole ownership of, and all rights to, any intellectual property of any kind previously owned or independently created by that party.

(A) Ownership. Except for Customer's rights in Deliverables as set forth in Section 5.1(B), Supplier shall own all right, title and interest in and to any software, tools, techniques, trade secrets, templates, methodologies, knowledge bases, or other intellectual property previously created or

owned by Supplier or developed by Supplier outside the scope of this Agreement or in the performance of Services ("Supplier Materials"). Customer will retain all right, title and interest in any software, tools, techniques, trade secrets or, templates, methodologies, knowledge bases, other intellectual property previously created or owned by Customer, or developed by Customer outside the scope of this Agreement, that it supplies to Supplier in connection with the Services ("Customer Materials"). Customer shall obtain no rights in the Supplier Materials, except the right to use such Supplier Materials in connection with its receipt of the Services during the Term of the applicable SOW. Supplier shall obtain no rights in the Customer Materials, except the right to use such Customer Materials as necessary for the performance of the Services during the Term of the applicable SOW.

(B) Deliverables. Customer will own the copyright in any newly-created materials that are prepared for and delivered to the Customer as part of the Services and are identified in the SOW as a deliverable ("Deliverables"). To the extent any Supplier Materials previously created or owned by Supplier or developed by Supplier outside the scope of this Agreement are incorporated into any Deliverable, Customer shall receive a perpetual, non-exclusive, royalty-free license to use such Supplier Materials, as incorporated, in connection with its use of such Deliverable.

6. CONFIDENTIALITY

6.1 Confidential Information

(A) "Confidential Information" means any Customer specific terms of this Agreement or any SOW (e.g., prices, services descriptions, or other terms specific to the Customer), which shall be considered Confidential Information of both parties, and any other information that a party treats as confidential which: (i) is conspicuously marked as confidential or proprietary at the time of disclosure or (ii) if disclosed orally, is identified as confidential at the time of disclosure, and confirmed by provision to recipient of a brief written description of the information within thirty (30) days after the disclosure. Supplier performance metrics, service delivery processes, methodologies, tools, and pricing information shall be considered Supplier Confidential Information hereunder whether disclosed orally or in writing, or whether or not

marked as confidential or proprietary. Confidential Information may include information of third parties (including Affiliates of a party) that the discloser is obligated to maintain in confidence.

(B) Confidential Information does not include information that: (i) was in the possession of, or was known by, the receiving party prior to its receipt from the disclosing party, without an obligation to maintain its confidentiality; (ii) is or becomes generally known to the public without violation of this Agreement; (iii) is obtained by the receiving party from a third party, without an obligation to keep such information confidential; or (iv) is independently developed by the receiving party without use of the disclosing party's Confidential Information. Confidential Information will be subject to the terms of this Section 6 for two (2) years from the date of disclosure.

6.2 Confidentiality Obligations

(A) The receiving party shall use the same degree of care (but in no event less than a reasonable degree of care) to protect the disclosing party's Confidential Information as it uses in protecting its own information of a similar nature. Each party will limit access to the other party's Confidential Information to its and its Affiliates' employees, agents, and representatives with a need to know such information and will have a written agreement in place with such persons that provides no less than the level of protection set forth herein. Notwithstanding the foregoing, either party may disclose the other party's Confidential Information if and to the extent that such disclosure is required by applicable law, provided that the receiving party uses reasonable efforts to limit the disclosure and provides the disclosing party a reasonable opportunity to review the disclosure before it is made and to interpose its own objection to the disclosure.

(B) The receiving party will use the disclosing party's Confidential Information solely for the purposes of satisfying its obligations hereunder or otherwise for the benefit of the disclosing party. Each party understands that the receiving party may now or in the future develop information internally, or receive information from third parties, that may be similar to disclosed Confidential Information. Nothing in this Agreement shall be construed to limit the receiving party's development of products or services that may be competitive with the products, services, processes, systems or methods contemplated by disclosed Confidential Information.

(C) Upon request of the disclosing party, the receiving party will return or certify destruction of Confidential Information that is no longer required for delivery or receipt of Services. Notwithstanding the foregoing, the receiving party may retain a copy of Confidential Information to the extent required by record retention practices or law.

7. STAFFING

Each party agrees that it will not, directly or indirectly, solicit for hire any employees of the other party that are directly involved in the activities of such other party in connection with this Agreement during the period such employees are involved in such activities and for a period of one hundred eighty (180) days thereafter.

8. LIMITATION OF LIABILITY

8.1 IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY, WHETHER IN CONTRACT, TORT, OR OTHERWISE, FOR ANY LOST PROFITS, LOST SAVINGS, LOSS OF DATA, THIRD PARTY CLAIMS, CONSEQUENTIAL, EXEMPLARY, PUNITIVE, INCIDENTAL, INDIRECT OR SPECIAL DAMAGES OR COSTS HOWSOEVER ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER OR NOT FORESEEABLE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR COSTS. EACH PARTY'S LIABILITY UNDER THIS AGREEMENT SHALL IN NO EVENT EXCEED, IN THE AGGREGATE FOR ALL CLAIMS, THE AMOUNT PAYABLE UNDER THE APPLICABLE SOW (OR OTHER TRANSACTION DOCUMENT) DURING THE TWELVE (12) MONTHS PRECEDING THE DATE OF THE MOST RECENT CLAIM.

8.2 The limitations and exclusions in Section 8.1 shall not apply to:

- (A) A party's breach of Section 7 (Staffing);
- (B) A party's misappropriation or misuse of the other party's intellectual property;
- (C) A party's obligations under Section 9 (Indemnification);
- (D) Customer's payment obligations; or
- (E) Any claim to the extent liability for such claim cannot be contractually limited under applicable law.

9. INDEMNIFICATION

9.1 General Indemnification. Each of the parties agrees that it (the "Indemnifying Party") shall indemnify the other party (the "Indemnified Party"), as set forth in this Section 9, against any and all third party claims brought or asserted against the Indemnified Party based on: (i) such third party's status as an employee or independent contractor of the Indemnifying Party or the termination of such status, except to the extent the claim arises from the acts or omissions of the Indemnified Party, (ii) bodily injury or death arising from alleged negligence or other wrongful act or omission of the Indemnifying Party or any of its employees or contractors in connection with this Agreement, or (iii) the Indemnifying Party's failure to obtain any Required Consent for which such party is responsible under this Agreement.

9.2 Intellectual Property Indemnification.

(A) Each party shall defend and indemnify the other party against liability to third parties for any claim that, in the case of Supplier, any of the Supplier Materials or Deliverables and in the case of Customer, any Customer Materials, infringe on any patents or copyrights, trade secrets, or other proprietary rights of such third party; provided, however, that the Indemnifying Party shall have no obligation to the extent any claim arises from (i) modifications by the Indemnified Party or any party other than the Indemnifying Party; (ii) the Indemnified Party's combination, operation, or use of the Indemnifying Party's materials with products, data, or apparatus not provided by the Indemnifying Party or (iii) the Indemnified Party's failure to implement or install updates provided by the Indemnifying party.

(B) If any Supplier Materials or Deliverables are, or are likely to be, subject to a claim of infringement by a third party, Supplier may, at its option: (i) modify the Materials or Deliverables to make them non-infringing; (ii) procure for the Customer the right to continue using the Materials or Deliverables; (iii) replace the Materials or Deliverables with substantially equivalent items; or (iv) take return of the Materials or Deliverables and provide the Customer a credit of amounts paid for the returned items. As between the parties, this Section 9.2 sets forth each party's complete liability and exclusive remedy for claims infringement of a third party's intellectual property rights.

9.3 Indemnification Payments. For any claim subject to indemnification under this Section 9, the Indemnifying Party will pay:

(A) Damages that a court finally awards to such third party on account of the claim, or the amount of any settlement: (i) agreed to by the Indemnifying Party if the Indemnifying Party has assumed control of the defense of the claim or (ii) agreed in to good faith by the Indemnified Party, after reasonable notice to and consultation with the Indemnifying Party, if the Indemnifying Party has not assumed control of the defense of the claim; and

(B) Reasonable attorneys' fees and costs of investigation incurred by the Indemnified Party following its provision of the notice required under Section 9.4 and prior to the Indemnifying Party's assuming control of the defense of such claim.

9.4 Indemnification Procedures: The Indemnified Party shall give prompt written notice of any indemnifiable claim to the Indemnifying Party and shall not make any admissions of law or fact without the Indemnifying Party's written consent. The Indemnifying Party shall have the right to conduct and control the defense of any claim for which a right to indemnity is asserted.

10. TERM AND TERMINATION

10.1 This Agreement shall be effective upon execution by the parties (including execution of a document that incorporates these terms by reference) and shall continue until terminated as set forth herein. Each SOW shall: (i) be effective on the date set forth therein or, if no date is specified, the date the SOW is executed by both parties and (ii) specify the term during which Services will be provided pursuant to the SOW ("Term"). If no term is specified in an SOW, the Term shall be deemed to be three years. Any options for extension of the Term will be set out in the applicable SOW. This Agreement or an SOW may be terminated:

(A) At any time upon the mutual written agreement of both parties;

(B) By the non-breaching party, following a material breach of this Agreement (in the case of termination of the Agreement), or the applicable SOW (in the case of termination

of an SOW), by the other party and the breaching party's failure to cure such breach within thirty (30) days, or ten (10) days in the case of non-payment, of it receiving written notice of such breach;

(C) By either party upon the other party seeking an order for relief under the bankruptcy laws of the United States or similar laws of any other jurisdiction, a composition with or assignment for the benefit of creditors, or dissolution or liquidation.

10.2 SOWs may provide for Customer's termination of the SOW prior to expiration of the applicable Term, subject to Customer's payment of applicable termination charges as stated therein.

10.3 Either party may terminate this Agreement upon thirty (30) days' prior written notice to the other party. Upon such termination, any SOWs then in effect under this Agreement will remain in effect and subject to the terms of this Agreement for the remainder of their respective Terms, unless otherwise terminated in accordance with the terms of this Agreement or the applicable SOW.

10.4 Effect of Termination. Supplier will cease work on terminated Services on the effective date of the termination. Supplier may provide termination assistance services, as agreed between the parties, subject to Supplier's prevailing rates for such services.

10.5 Survival. The provisions of Sections 5 through 10 (inclusive of all subsections) shall survive any termination or expiration of this Agreement.

11. MISCELLANEOUS

11.1 Entire Agreement and Modification. This Agreement and SOWs entered into hereunder shall constitute the entire agreement between the parties with respect to the transactions contemplated hereby and supersedes all prior agreements and understandings between the parties relating to such transactions. No modification of this Agreement or any SOW (including any mutually agreed termination) shall be binding unless in writing and signed by an authorized representative of each party. To the extent permitted by applicable law, any reproduction of this Agreement or SOW(s) made by reliable means (e.g., photocopy or facsimile) is considered an original.

11.2 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Neither party hereto shall in any way sell, transfer, assign, or otherwise dispose of any of the rights, privileges, duties and obligations granted or imposed upon it under this Agreement; provided, however, either party shall have the right to assign its rights, duties and responsibilities under this Agreement to an Affiliate. Assignment of this agreement by either party to a successor organization by merger or acquisition does not require the consent of the other party. Any purported assignment in violation of this Section 11.2 shall be void.

11.3 Compliance with Laws.

(A) General. Supplier shall be responsible for complying with all laws that apply to Supplier in its capacity as a provider of the Services, including obtaining necessary approvals and permits required by such laws to perform its obligations under this Agreement. Customer shall be responsible for complying with all laws that apply to it in connection with its receipt or use of the Services, including obtaining any necessary approvals and permits required by such laws. Customer will be responsible to ensure that Supplier's performance of Services in accordance with agreed services descriptions meets Customer's legal and regulatory requirements.

(B) Sales Support. If Services include sales support activities, Customer shall ensure that materials provided to Supplier, such as call scripts and leads, comply with applicable laws and regulations, including any required instructions or disclosures. Unless agreed otherwise in an SOW, Customer will be responsible for screening prospect lists against applicable "do not call" or similar registries, documenting individual opt-out requests in its own registry, and obtaining any necessary third party consents.

(C) Export. The parties acknowledge that certain transactions hereunder and equipment, software and technical data to be provided hereunder may be subject to export controls and sanctions laws and regulations, including those of the United States and other countries that prohibit or limit export or services for certain uses or to certain end users. Neither party shall export or re-export any such items or any direct product thereof or undertake any transaction in violation of any such laws or regulations.

(D) Data Privacy. For purposes of data processing or any trans-border data flows that are subject to applicable data privacy laws, Customer shall be deemed the "controller" of personal information provided by Customer and shall determine the purposes and means for which such personal information may be accessed and used by Supplier. Supplier shall be deemed a "processor" of such personal information and shall process such information in accordance with the Customer's direction. To the extent the parties and/or our respective Affiliates execute data transfer agreements for purposes of compliance with applicable data privacy laws, such agreements shall be subject to the terms of, this Agreement. Customer shall be responsible for obtaining all consents from, and providing all notices to, individuals to enable Supplier to process such personal information. Customer agrees that Supplier, its Affiliates, and contractors may use Customer personnel contact information (including names, phone numbers, and e-mail addresses) in connection with its business relationship anywhere it does business.

(E) Changes in Law. Supplier may, on written notice to Customer, adjust pricing to account for any change in law that materially affects Supplier's costs related to the services. If any such adjustments exceed, in the aggregate, 5% of the charges payable under an SOW, the parties will discuss in good faith alternatives, such as changes in delivery locations, to mitigate adjustments in price. If the parties are not able to agree on a mutually acceptable alternative, either party may terminate the affected SOW upon 90 days' prior written notice. In the event of such termination, in addition to other amounts payable hereunder, Customer will reimburse Supplier for its reasonable and actual wind-down costs.

11.4 Publicity. Supplier may refer to its relationship with Customer in internal communications and in connection with its sales and marketing activities. Otherwise, neither party grants the other the right to use its (or any of its Affiliates') trademarks, trade names, or other designations in any promotion or publication without prior written consent.

11.5 Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, except in those instances where removal or elimination of such invalid, illegal, or unenforceable provision or

provisions would result in a failure of consideration under this Agreement, such invalidity, illegality or unenforceability shall be severed and shall not affect any other provision hereof. Furthermore, the severed provision shall be replaced by a provision which comes closest to such severed provision, or part thereof, in language and intent, without being invalid, illegal or unenforceable.

11.6 Force Majeure and Impairment of Performance.

(A) Except for payment obligations, neither party shall be liable to the other for any delay in performance or failure to perform, in whole or in part, due to labor dispute, strike, war or act of war (whether an actual declaration is made or not), insurrection, riot, civil commotion, act of public enemy, epidemic, accident, fire, flood, earthquake, or other act of God, act of any governmental authority, judicial action, or other causes beyond the reasonable control of such party. If any event of force majeure occurs, the party affected by such event shall promptly notify the other party of such event and take all reasonable actions to avoid the effect of such event.

(B) Supplier shall be relieved from its obligations under this Agreement to the extent performance is impaired by the Customer's failure to perform its obligations under this Agreement or by the acts or omissions of the Customer's employees or representatives.

(C) Customer is responsible for ensuring that its systems are adequately secured against unauthorized intrusion. Supplier will not be responsible for any losses or damages to the extent arising from Customer's failure to implement and maintain reasonable data security and transaction monitoring measures in systems under its control or supervision. Customer will promptly advise Supplier if it identifies any activity that may indicate an issue within any of Concentrix's systems or operations.

11.7 Relationship of the Parties. Supplier and Customer are and shall be independent contractors to one another, and nothing herein shall be deemed to cause this Agreement to create an agency, partnership, fiduciary relationship, or joint venture between the parties. This Agreement does not create any right or cause of action for any third party.

11.8 Disputes. Both parties agree to negotiate in good faith the settlement of any disputes that may arise under this Agreement. If necessary, such disputes shall be escalated to appropriate senior management of each party. All negotiations pursuant to this clause are confidential, will be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and shall not be admissible in any proceeding between the parties. Except for disputes arising under **Section 5** (Proprietary Rights), **Section 6** (Confidentiality), and **Section 7** (Staffing), in the event that such good faith settlements fail, any and all disputes and controversies of every kind and nature between the parties arising out of or in connection with the existence, construction, validity, interpretation, or meaning, performance, non-performance, enforcement, operation, breach, continuance, or termination of this Agreement shall be submitted to binding arbitration, pursuant to the Arbitration Rules of the International Chamber of Commerce ("ICC"), before a single arbitrator in the state of California. In the event the parties cannot agree on the arbitrator, then the President of the ICC (or his/her nominee) shall select an appropriate arbitrator with experience in commercial disputes related to technology services. In the event of any litigation or arbitration arising out of this Agreement or its enforcement by either party, the prevailing party shall be entitled to recover, as part of any judgment or award, reasonable attorneys' fees and court costs.

11.9 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the state of California without regard to its conflicts of laws principles, and the United Nations Convention on Contracts for the International Sale of Goods shall not apply.

11.10 Notices. All written notices required by this Agreement must be delivered in person or by means evidenced by a delivery receipt and will be effective upon receipt. Notices related to breach, termination, and indemnification must also be provided to the other party at the address specified on the signature page of this Agreement, if any. Additional information or requirements regarding notices may be set out in an SOW.

11.11 Waiver. The exercise or waiver, in whole or in part, of any right, remedy, or duty provided for in this Agreement will not constitute the waiver of any other right, remedy, or duty hereunder.

Published CUSIP Numbers:

Deal: 20600MAA1

Revolver: 20600MAB9

Term: 20600MAC7

CREDIT AGREEMENT

Dated as of October 16, 2020

among

CONCENTRIX CORPORATION,
as the Borrower,

THE SUBSIDIARIES OF THE BORROWER PARTY HERETO,
as the Guarantors,

BANK OF AMERICA, N.A.,
as the Administrative Agent, the Swing Line Lender and an L/C Issuer,

SUMITOMO MITSUI BANKING CORPORATION,
THE TORONTO-DOMINION BANK, NEW YORK BRANCH,
U.S. BANK NATIONAL ASSOCIATION

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Co-Syndication Agents,

BNP PARIBAS

and

HSBC BANK USA, NATIONAL ASSOCIATION,
as Co-Documentation Agents,

and

THE OTHER LENDERS AND L/C ISSUERS PARTY HERETO

BOFA SECURITIES, INC.,

CITIBANK, N.A.,

MUFG BANK, LTD.,

PNC CAPITAL MARKETS LLC,

THE BANK OF NOVA SCOTIA

and

TRUIST SECURITIES, INC.,

as Joint Lead Arrangers and Joint Bookrunners

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2.01	Commitments and Applicable Percentages; Letter of Credit Commitments
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A	Form of Loan Notice
B	Form of Swing Line Loan Notice
C	Form of Note
D	Form of Compliance Certificate
E	Form of Joinder Agreement
F-1	Form of Assignment and Assumption
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G	Forms of U.S. Tax Compliance Certificates
H	Form of Secured Party Designation Notice
I	Form of Notice of Loan Prepayment

CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of October 16, 2020 among CONCENTRIX CORPORATION, a Delaware corporation (the “Borrower”), the Guarantors (defined herein), the Lenders (defined herein), the L/C Issuers (defined herein), and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer.

The Borrower has requested that the Lenders provide credit facilities for the purposes set forth herein, and the Lenders are willing to do so on the terms and conditions set forth herein.

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

ARTICLE I.

DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

“Acquisition” means, with respect to any Person, the acquisition by such Person, in a single transaction or in a series of related transactions, of either (a) all or any substantial portion of the property of, or a line of business, division or operating group of, another Person or (b) at least a majority of the Voting Equity Interests of another Person, in each case whether or not involving a merger or consolidation with such other Person.

“Adjustment” has the meaning specified in Section 3.07.

“Administrative Agent” means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 11.02 or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in substantially the form of Exhibit F-2 or any other form approved 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 Person specified.

“Agent Party,” has the meaning specified in Section 11.02(c).

“Aggregate Revolving Commitments” means the Revolving Commitments of all the Lenders. The amount of the Aggregate Revolving Commitments in effect on the Effective Date is SIX HUNDRED MILLION DOLLARS (\$600,000,000).

“Agreement” means this Credit Agreement.

“Applicable Percentage” means, with respect to any Lender at any time: (a) with respect to such Lender’s Revolving Commitment at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Revolving Commitments represented by such Lender’s Revolving Commitment at such time; provided, that, if the commitment of each Lender to make Revolving Loans and the obligation of each L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 9.02 or if the Aggregate Revolving Commitments have expired, then the Applicable Percentage with respect to each Lender’s Revolving Commitment shall be determined based on the Applicable Percentage of such Lender’s Revolving Commitment most recently in effect, giving effect to any subsequent assignments; (b)(i) with respect to such Lender’s Term A Loan Commitment at any time prior to the Initial Funding Date, the percentage (carried out to the ninth decimal place) of the aggregate Term A Loan Commitments represented by such Lender’s Term A Loan Commitment at such time; provided, that, if the Term A Loan Commitment of each Lender has been terminated pursuant to Section 9.02 or if the aggregate Term A Loan Commitments have otherwise been terminated or have expired, then the Applicable Percentage with respect to each Lender’s Term A Loan Commitment shall be determined based on the Applicable Percentage of such Lender’s Term A Loan Commitment most recently in effect, giving effect to any subsequent assignments; and (ii) with respect to such Lender’s portion of the outstanding Term A Loan at any time on or after the Initial Funding Date, the percentage (carried out to the ninth decimal place) of the outstanding principal amount of the Term A Loan represented by the portion of the Term A Loan held by such Lender at such time; and (c) with respect to such Lender’s portion of any other outstanding Term Loan at any time, the percentage (carried out to the ninth decimal place) of the outstanding principal amount of such Term Loan represented by the portion of such Term Loan held by such Lender at such time. The initial Applicable Percentages of each Lender are set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto or in any documentation executed by such Lender pursuant to this Agreement. The Applicable Percentages shall be subject to adjustment as provided in Section 2.15.

“Applicable Rate” means, except as otherwise provided in any Incremental Amendment with respect to the applicable Loans and Commitments thereunder, the following percentages per annum, based upon the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 7.02(b):

Pricing Tier	Consolidated Leverage Ratio	Eurodollar Rate Loans	Base Rate Loans	Commitment Fee
1	≥ 2.25:1.0	2.25%	1.25%	0.45%
2	< 2.25:1.0 but ≥ 2.00:1.0	2.00%	1.00%	0.40%
3	< 2.00:1.0 but ≥ 1.75:1.0	1.75%	0.75%	0.35%
4	< 1.75:1.0 but ≥ 1.50:1.0	1.50%	0.50%	0.30%
5	< 1.50:1.0	1.25%	0.25%	0.25%

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 7.02(b); provided, that, if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Required Lenders, Pricing Tier 1 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the first Business Day immediately following the date on which such Compliance Certificate is delivered in accordance with Section 7.02(b), whereupon the Applicable Rate shall be adjusted based upon the calculation of the Consolidated Leverage

Ratio contained in such Compliance Certificate. The Applicable Rate in effect from the Effective Date until the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to [Section 7.02\(b\)](#) for the second full fiscal quarter of the Borrower ending after the Initial Funding Date shall be determined based upon Pricing Tier 2. Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Rate for any period shall be subject to the provisions of [Section 2.10\(b\)](#).

“[Applicable Revolving Percentage](#)” means, with respect to any Lender at any time, such Lender’s Applicable Percentage in respect of such Lender’s Revolving Commitment at such time.

“[Approved Fund](#)” means any Fund 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.

“[Arranger](#)” means each of BofA Securities, Citibank, N.A., MUFG Bank, Ltd., PNC Capital Markets LLC, The Bank of Nova Scotia and Truist Securities, Inc., in each case in their respective capacities as a joint lead arranger and a joint bookrunner.

“[Assignment and Assumption](#)” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by [Section 11.06\(b\)](#)), and accepted by the Administrative Agent, in substantially the form of [Exhibit F-1](#) or any other form (including electronic documentation generated by use of an electronic platform) approved by the Administrative Agent.

“[Attributable Indebtedness](#)” means, with respect to any Person on any date, (a) in respect of any capital lease, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease, (c) in respect of any Securitization Transaction, the outstanding principal amount of such financing determined in accordance with GAAP and (d) in respect of any Sale and Leaseback Transaction, the present value (discounted in accordance with GAAP at the debt rate implied in the applicable lease) of the obligations of the lessee for rental payments during the term of such lease.

“[Auto-Extension Letter of Credit](#)” has the meaning specified in [Section 2.03\(b\)\(iii\)](#).

“[Auto-Reinstatement Letter of Credit](#)” has the meaning specified in [Section 2.03\(b\)\(iv\)](#).

“[Availability Period](#)” means the period from and including the Initial Funding Date to the earliest of (a) the Maturity Date with respect to the Revolving Loans, (b) the date of termination of the Aggregate Revolving Commitments pursuant to [Section 2.06\(a\)](#) and (c) the date of termination of the commitment of each Lender to make Revolving Loans and of the obligations of each L/C Issuer to make L/C Credit Extensions pursuant to [Section 9.02](#).

“[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, rule, regulation 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).

“Bank of America” means Bank of America, N.A. and its successors.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1.0%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate” and (c) the Eurodollar Rate plus 1.0%; provided, that, if the Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Base Rate is being used as an alternate rate of interest pursuant to Section 3.03 or Section 3.07, then the Base Rate shall be determined without reference to clause (c) above.

“Base Rate Loan” means a Revolving Loan or a Term Loan that bears interest based on the Base Rate.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership 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 ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Internal Revenue Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Internal Revenue 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.

“BofA Securities” means BofA Securities, Inc.

“Borrower” has the meaning specified in the introductory paragraph hereto.

“Borrower Materials” has the meaning specified in Section 7.02.

“Borrowing” means a borrowing consisting of simultaneous Loans of the same Type and Class and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the applicable Lenders pursuant to Section 2.01.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day.

“Businesses” has the meaning specified in Section 6.09(a).

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the L/C Issuers or the Lenders, as collateral for the L/C Obligations or obligations of the Lenders to fund participations in respect of L/C Obligations, cash or deposit account balances or, if the Administrative Agent and the applicable L/C Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and such L/C Issuer. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Equivalents” means, as at any date, (a) with respect to the Borrower or any of its Subsidiaries: (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided, that, the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (ii) Dollar denominated time deposits and certificates of deposit of (A) any Lender, (B) any domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000 or (C) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody’s is at least P-1 or the equivalent thereof (any such bank being an “Approved Bank”), in each case with maturities of not more than 270 days from the date of acquisition, (iii) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody’s and maturing within six months of the date of acquisition, (iv) repurchase agreements entered into by any Person with a bank or trust company (including any Lender) or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations and (v) investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940 which are administered by reputable financial institutions having capital of at least \$500,000,000 and the portfolios of which are limited to Investments of the character described in the foregoing clauses (a)(i) through (a)(iv); and (b) with respect to any Foreign Subsidiary: (i) investments of the type and maturity described in clause (a) above of foreign commercial banks, which investments or commercial banks (or the parents of such commercial banks) have the ratings described in such clauses or reasonably equivalent ratings from comparable foreign rating agencies (if available) and (ii) other short-term investments utilized by Foreign Subsidiaries in accordance with normal investment practices for cash management of comparable tenure and credit quality to those described in clause (a) above or other high quality short term investments, in each case, customarily utilized in countries in which such Foreign Subsidiary operates for short term cash management purposes.

“Cash Management Agreement” means any agreement that is not prohibited by the terms hereof to provide treasury or cash management services, including deposit accounts, overnight draft, credit cards, debit cards, p-cards (including purchasing cards and commercial cards), funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services and other cash management services.

“Cash Management Bank” means any Person in its capacity as a party to a Cash Management Agreement with the Borrower or any Subsidiary; provided, that, (a) at the time such Person enters into such Cash Management Agreement, such Person is a Lender or an Affiliate of a Lender (even if such Person ceases to be a Lender or such Person’s Affiliate ceases to be a Lender) or (b) such Cash Management Agreement exists at the time such Person or Affiliate of such Person becomes a Lender (even if such Person ceases to be a Lender or such Person’s Affiliate ceases to be a Lender).

“Change in Law” means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any Law, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of Law) by any Governmental Authority; provided, that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States 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, implemented or issued.

“Change of Control” means an event or series of events by which any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all Equity Interests that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of Voting Equity Interests of the Borrower representing forty percent (40%) or more of the combined voting power of all Voting Equity Interests of the Borrower on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right).

“Class” (a) when used with respect to any Lender, refers to whether such Lender has a Loan or Commitment with respect to a particular Class of Loans or Commitments, (b) when used with respect to Commitments, refers to whether such Commitments are Revolving Commitments, Term A Loan Commitments or Incremental Term Loan Commitments and (c) when used with respect to Loans or a Borrowing, refers to whether such Loans, or the Loans comprising such Borrowing, are Revolving Loans, the Term A Loan or an Incremental Term Loan. Commitments (and the Loans made pursuant to such Commitments) that have different terms and conditions shall be construed to be in different Classes. Commitments (and the Loans made pursuant to such Commitments) that have the same terms and conditions shall be construed to be in the same Class (unless otherwise agreed by the Borrower and the Administrative Agent). There shall be no more than one Class of revolving loan facilities under this Agreement.

“Collateral” means a collective reference to all property, other than Excluded Property, with respect to which Liens in favor of the Administrative Agent, for the benefit of itself and the other holders of the Obligations, are purported to be granted pursuant to and in accordance with the terms of the Collateral Documents.

“Collateral Documents” means a collective reference to the Security Agreement and other security documents as may be executed and delivered by any Loan Party pursuant to the terms of Section 7.13 or any of the Loan Documents.

“Commitment” means, as the context requires, a Revolving Commitment, a Term A Loan Commitment and/or an Incremental Term Loan Commitment.

“Commitment Fee” has the meaning specified in Section 2.09(a).

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. Section 1 *et seq.*).

“Communication” has the meaning specified in Section 11.17.

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

“Concentrix Release” has the meaning specified in Section 5.02(i).

“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, for any period, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Interest Charges for such period; (ii) the provision for federal, state, local and foreign income taxes payable for such period; (iii) depreciation and amortization expense for such period; (iv) non-cash stock based compensation expense; (v) all other non-cash charges, non-cash expenses and non-cash losses in such period but only to the extent that, as of the applicable date of determination, (A) no cash payment has been made with respect thereto in a prior period (and such amount does not represent the amortization of any item that was paid in a prior period) and (B) the Borrower does not reasonably anticipate that cash payments will be made or be required to be made with respect thereto in any future period; (vi) fees and expenses and non-recurring charges, including severance and restructuring charges, and closing or consolidation expenses relating to businesses or locations thereof, incurred in connection with Permitted Acquisitions; provided, that, the aggregate amount of fees and expenses and non-recurring charges added pursuant to this clause (a)(vi) shall not exceed 15% of Consolidated EBITDA (calculated without giving effect to this clause (a)(vi)) for such period; and (vii) fees, costs and expenses incurred in connection with the Transactions; minus (b) the following to the extent included in calculating such Consolidated Net Income: non-cash gains for such period.

“Consolidated First Lien Leverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated First Lien Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters of the Borrower most recently ended.

“Consolidated First Lien Indebtedness” means, as of any date of determination, the then outstanding principal amount of Indebtedness for third party borrowed money of the Borrower and its Subsidiaries on a consolidated basis that is secured by a Lien on the properties or assets of the Borrower and/or one of more of its Subsidiaries (other than (a) any such Indebtedness secured by a Lien that is subordinated or ranks junior to the Liens securing the Obligations and (b) any Indebtedness under any Permitted Securitization Transaction), it being understood that Consolidated First Lien Indebtedness shall not include Indebtedness in respect of (i) letters of credit, except to the extent of unreimbursed amounts thereunder (provided, that, any unreimbursed amount shall not constitute Consolidated First Lien Indebtedness until 5 Business Days after such amount is drawn), (ii) obligations under Swap Contracts and (iii) other contingent obligations.

“Consolidated Funded Indebtedness” means, as of any date of determination, the then outstanding principal amount of Funded Indebtedness of the Borrower and its Subsidiaries on a consolidated basis.

“Consolidated Interest Charges” means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, plus (b) the portion of rent expense with respect to such period under capital leases that is treated as interest in accordance with GAAP plus (c) the implied interest component of Synthetic Lease Obligations with respect to such period.

“Consolidated Interest Coverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated EBITDA for the period of the four fiscal quarters of the Borrower most recently ended to (b) the Consolidated Interest Charges for the period of the four fiscal quarters of the Borrower most recently ended.

“Consolidated Leverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters of the Borrower most recently ended.

“Consolidated Net Income” means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, net income for such period; provided, that, Consolidated Net Income shall exclude (a) unusual and infrequent items for such period in accordance with GAAP, (b) the net income of any Subsidiary during such period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or Law applicable to such Subsidiary during such period, except that the Borrower’s equity in any net loss of any such Subsidiary for such period shall be included in determining Consolidated Net Income and (c) any income (or loss) for such period of any Person if such Person is not a Subsidiary, except to the extent that such income (or loss) for such period would be included in Consolidated Net Income of the Borrower and its Subsidiaries when calculating Consolidated Net Income in accordance with GAAP.

“Consolidated Tangible Assets” means, as of any date of determination, for the Borrower and its Subsidiaries on a consolidated basis, the tangible assets of the Borrower and its Subsidiaries as of such date.

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

“Control” 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. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote 5% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

“Cost Investment” means an Investment by the Borrower or any of its Subsidiaries in the Equity Interests of a Person; provided, that, after giving effect to all such Investments in such Person, the Borrower and its Subsidiaries shall not beneficially own, directly or indirectly, more than 20% of the Voting Equity Interests of such Person.

“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 specified in Section 11.25.

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

“CX Business” means the customer experience services business of SYNnex.

“Debt Issuance” means the issuance by a Loan Party of any Indebtedness other than Indebtedness permitted under Section 8.03.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means: (a) when used with respect to Obligations other than Letter of Credit Fees, an interest rate equal to (i) the Base Rate plus (ii) the Applicable Rate, if any, applicable to Base Rate Loans plus (iii) 2% per annum; provided, that, with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum; and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Rate for Revolving Loans that are Eurodollar Rate Loans plus 2% per annum.

“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, subject to Section 2.15(d), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any L/C Issuer, the Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent, any L/C Issuer or the Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided, that, such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided, that, a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive

and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to [Section 2.15\(d\)](#)) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrower, each L/C Issuer, the Swing Line Lender and each other Lender promptly following such determination.

“[Designated Jurisdiction](#)” means any country or territory to the extent that such country or territory itself is the subject of any comprehensive embargo or country-wide Sanction.

“[Disclosure Letter \(Effective Date\)](#)” means the disclosure letter, dated as of the Effective Date, delivered by the Borrower to the Administrative Agent for the benefit of the Lenders.

“[Disclosure Letter \(Initial Funding Date\)](#)” means the disclosure letter, dated as of the Initial Funding Date, delivered by the Borrower to the Administrative Agent for the benefit of the Lenders, with such supplements or modifications to Schedules 6.13, 6.17, 6.20-1, 6.20-2 and 6.20-3 to the Disclosure Letter (Effective Date) as are set forth therein.

“[Disposition](#)” or “[Dispose](#)” means the sale, transfer, license, lease or other disposition of any property by the Borrower or any Subsidiary, including any Sale and Leaseback Transaction and any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding: (a) the disposition of inventory in the ordinary course of business; (b) the disposition of machinery and equipment no longer used or useful in the conduct of business of the Borrower and its Subsidiaries in the ordinary course of business; (c) the disposition of property (including any Collateral) to the Borrower or any Subsidiary; provided, that, if the transferor of such property is a Loan Party then the transferee thereof must be a Loan Party; (d) the disposition of accounts receivable in connection with the collection or compromise thereof; (e) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of the Borrower and its Subsidiaries; (f) the sale or disposition of Cash Equivalents for fair market value; (g) any Recovery Event; (h) any sale, transfer or other disposition of Securitization Related Property by the Borrower or any Subsidiary pursuant to a Permitted Securitization Transaction; (i) the sale by the Borrower of any securities and other Investments held from time to time in securities accounts maintained in connection with deferred compensation arrangements pursuant to [Section 8.02\(c\)](#); provided, that, the proceeds of such sale are paid to the beneficiary thereof or designee of such beneficiary or maintained in such securities accounts and reinvested in accordance with the terms of such deferred compensation arrangements; (j) the sale, transfer or other disposition of any Cost Investment; (k) the disposition of Equity Interests of the Borrower; (l) any sale, transfer or other disposition of Receivables and Related Assets by the Borrower or any Subsidiary pursuant to a Permitted Supplier Finance Program; (m) any sale, transfer, license, lease or other disposition of any property in connection with the Separation; (n) the disposition of real property (i) no longer used or useful in the conduct of business of the Borrower and its Subsidiaries in the ordinary course of business or (ii) that is no longer material to the Borrower and its Subsidiaries, taken as a whole; and (o) to the extent otherwise constituting a Disposition, Restricted Payments permitted under [Section 8.06](#).

“[Distribution](#)” means the distribution, on a pro rata basis, to the holders of the common Equity Interests of SYNEX, of all of the outstanding shares of the Borrower’s common Equity Interests that are owned by SYNEX immediately prior to the date of such distribution, pursuant to, and as further described in, the Form 10.

“[Dollar](#)” and “[\\$](#)” mean lawful money of the United States.

“[Domestic Subsidiary](#)” means any Subsidiary that is organized under the Laws of any state of the United States or the District of Columbia.

“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 October 16, 2020.

“Electronic Copy” has the meaning specified in Section 11.17.

“Electronic Record” has the meaning assigned to such term in 15 U.S.C. §7006.

“Electronic Signature” has the meaning assigned to such term in 15 U.S.C. §7006.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Sections 11.06(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 11.06(b)(iii)).

“Environmental Laws” means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower 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, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with a Loan Party within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Internal Revenue Code for purposes of provisions relating to Section 412 of the Internal Revenue Code).

“ERISA Event” means: (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of a Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by a Loan Party or any ERISA Affiliate from a Multiemployer Plan; (d) the filing of a notice of intent to terminate, or the treatment of a Pension Plan amendment as a termination under Section 4041(c) or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Internal Revenue Code or Sections 303, 304 and 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Loan Party or any ERISA Affiliate.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Eurodollar Rate” means:

(a) for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the London Interbank Offered Rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for Dollars for a period equal in length to such Interest Period) (“LIBOR”) as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR, at or about 11:00 a.m., London time determined two (2) London Banking Days prior to such date for Dollar deposits with a term of one month commencing that day;

provided, that, if the Eurodollar Rate shall be less than 0.25%, such rate shall be deemed 0.25% for purposes of this Agreement.

“Eurodollar Rate Loan” means a Revolving Loan or a Term Loan that bears interest at a rate based on clause (a) of the definition of “Eurodollar Rate.”

“Event of Default” has the meaning specified in Section 9.01.

“Excluded Property” means, with respect to any Loan Party, (a) any owned or leased real property, (b) unless requested by the Administrative Agent or the Required Lenders, any IP Rights for which a perfected Lien thereon is not effected either by filing of a Uniform Commercial Code financing statement or by appropriate evidence of such Lien being filed in either the United States Copyright Office or the United States Patent and Trademark Office, (c) unless requested by the Administrative Agent or the

Required Lenders, any personal property (other than personal property described in clause (b) above) for which the attachment or perfection of a Lien thereon is not governed by the Uniform Commercial Code, (d) the Equity Interests of any Foreign Subsidiary to the extent not required to be pledged to secure the Obligations pursuant to Section 7.13(a), (e) any property which, subject to the terms of Section 8.09, is subject to a Lien of the type described in Section 8.01(i) pursuant to documents which prohibit such Loan Party from granting any other Liens in such property, (f) at any time any Permitted Securitization Transaction is outstanding, any Securitization Related Property that is subject to such Permitted Securitization Transaction, (g) any lease, license, contract or other agreement of such Loan Party if the grant of a security interest in such lease, license, contract or other agreement in the manner contemplated by the Loan Documents is prohibited under the terms of such lease, license, contract or other agreement or under applicable Law or would result in default thereunder, the termination thereof or give the other parties thereto the right to terminate, accelerate or otherwise alter such Loan Party's rights, titles and interests thereunder (including upon the giving of notice or the lapse of time or both), other than to the extent (i) such prohibition or limitation is rendered ineffective pursuant to the Uniform Commercial Code or other applicable Law or principles of equity or (ii) such prohibition or limitation or the requirement for any consent contained in such lease, license, contract or other agreement or applicable Law is eliminated or terminated to the extent sufficient to permit any such item to become Collateral or such consent has been granted or waived or the requirement for such consent has been terminated, (h) government licenses, state or local franchises, charters and authorizations and any other property and assets to the extent that the Administrative Agent may not validly possess a security interest therein under, or such security interest is restricted by, applicable Laws (including rules and regulations of any Governmental Authority or agency) or the pledge or creation of a security interest in which would require governmental consent, approval, license or authorization, other than to the extent such prohibition or limitation is rendered ineffective under the Uniform Commercial Code or other applicable Law notwithstanding such prohibition (but excluding proceeds of any such governmental licenses), (i) particular assets if and for so long as, if, in each case, as determined by the Administrative Agent in its sole discretion, the cost of creating or perfecting such pledges or security interests in such assets exceeds the practical benefits to be obtained by the Lenders therefrom, (j) deposit, securities and commodities accounts having a monthly average balance of less than \$100,000 individually, and less than \$1,000,000 in the aggregate, (k) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal law, (l) assets of, and Equity Interests in, any Person (other than a wholly-owned Subsidiary) to the extent not permitted by the terms of such Person's Organization Documents, (m) the Equity Interests of any Foreign Subsidiary to the extent (i) such Equity Interests are pledged as collateral to secure the Indebtedness of a Foreign Subsidiary, (ii) such Indebtedness is permitted under Section 8.03 and (iii) such Lien is a Permitted Lien, (n) any Investments maintained by the Borrower pursuant to the Borrower's unqualified deferred compensation arrangements permitted under Section 8.02(c), (o) margin stock (within the meaning of Regulation U of the FRB), (p) any Receivables and Related Assets subject to a Permitted Supplier Finance Program, and (q) any assets of such Loan Party transferred to, or required to be made available to, SYNEX or any of SYNEX's Subsidiaries in connection with the Spin-Off. Notwithstanding the foregoing, in no event shall any asset or property of a Loan Party that is pledged by such Loan Party as collateral to secure the obligations of any Loan Party under any Priority Debt constitute "Excluded Property" unless consented to by Required Lenders.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty of such Guarantor of, or the grant under a Loan Document by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the

Commodity Exchange Act (determined after giving effect to [Section 4.08](#) and any other “keepwell, support or other agreement” for the benefit of such Guarantor and any and all guarantees of such Guarantor’s Swap Obligations by other Loan Parties) at the time the Guaranty of such Guarantor, or grant by such Guarantor of a security interest, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a Master Agreement governing more than one Swap Contract, such exclusion shall apply to only the portion of such Swap Obligation that is attributable to Swap Contracts for which such Guaranty or security interest is illegal or becomes excluded in accordance with the first sentence of this definition.

“[Excluded Taxes](#)” means any of the following Taxes imposed on or with respect to any 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 Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a Law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under [Section 11.13](#)) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to [Section 3.01\(a\)\(ii\)](#), [\(a\)\(iii\)](#) or [\(c\)](#), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with [Section 3.01\(e\)](#) and (d) any withholding Taxes imposed pursuant to FATCA.

“[Facilities](#)” has the meaning specified in [Section 6.09\(a\)](#).

“[Facility Termination Date](#)” means the date as of which all of the following shall have occurred: (a) all Commitments have terminated, (b) all Obligations arising under the Loan Documents have been paid in full (other than contingent indemnification obligations), and (c) all Letters of Credit have terminated or expired (other than Letters of Credit that have been Cash Collateralized).

“[FASB ASC](#)” means the Accounting Standards Codification of the Financial Accounting Standards Board.

“[FATCA](#)” means Sections 1471 through 1474 of the Internal Revenue Code, as of the Effective Date (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, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue 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 Internal Revenue Code.

“[Federal Funds Rate](#)” means, for any day, the rate per annum calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; provided, that, if the Federal Funds Rate as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“[Fee Letter](#)” means the fee letter agreement dated September 8, 2020 between the Borrower and BofA Securities.

“Foreign Lender” means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the Laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

“Form 10” means, as of any date, the registration statement on Form 10 most recently filed by the Borrower with the SEC on or prior to such date (including the information statement and the other exhibits filed therewith) relating to the Spin-Off.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fronting Exposure” means, at any time there is a Defaulting Lender, (a) with respect to each L/C Issuer, such Defaulting Lender’s Applicable Revolving Percentage of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender’s Applicable Revolving Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders in accordance with the terms hereof.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“Funded Indebtedness” means, as to any Person as of any date of determination, without duplication, all of the following types of Indebtedness, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations, whether current or long-term, for borrowed money (including Obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all purchase money Indebtedness;

(c) the maximum amount available to be drawn under all outstanding letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments;

(d) all obligations in respect of the deferred purchase price of property or services (other than (i) trade accounts payable, intercompany charges of expenses, deferred revenue and other accrued liabilities (including deferred payments in respect of services by employees), in each case incurred in the ordinary course of business, and (ii) any earn-out obligation or other post-closing balance sheet adjustment prior to such time as it becomes a liability on the balance sheet of such Person in accordance with GAAP);

(e) all Attributable Indebtedness;

(f) all obligations to purchase, redeem, retire, defease or otherwise make any payment prior to the then-latest Maturity Date in respect of any Equity Interests or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends;

(g) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (f) above of another Person; and

(h) all Indebtedness of the types referred to in clauses (a) through (g) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or joint venturer, except to the extent that Indebtedness is expressly made non-recourse to such Person (except for customary exceptions to non-recourse provisions such as fraud, misappropriation of funds and environmental liabilities).

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board consistently applied.

“Governmental Authority” means the government of the United States or any other nation, or of 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 (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guarantors” means, collectively, (a) each Domestic Subsidiary identified as a “Guarantor” on the signature pages hereto, (b) each Person that joins as a Guarantor pursuant to Section 7.12 or otherwise, (c) with respect to (i) Obligations under any Secured Hedge Agreement, (ii) Obligations under any Secured Cash Management Agreement and (iii) any Swap Obligation of a Specified Loan Party (determined before giving effect to Sections 4.01 and 4.08) under the Guaranty, the Borrower, and (d) the successors and permitted assigns of the foregoing.

“Guaranty” means the Guaranty made by the Guarantors in favor of the Administrative Agent, the L/C Issuers, the Lenders and the other holders of the Obligations pursuant to Article IV.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedge Bank” means any Person in its capacity as a party to a Swap Contract with the Borrower or any Subsidiary; provided, that, (a) at the time such Person enters into such Swap Contract, such Person is a Lender or an Affiliate of a Lender (even if such Person ceases to be a Lender or such Person’s Affiliate ceases to be a Lender; provided, that, in such case, such Person shall continue to be a Hedge Bank only through the stated termination date of such Swap Contract (without extension or renewal)) or (b) such Swap Contract exists at the time such Person or Affiliate of such Person becomes a Lender (even if such Person ceases to be a Lender or such Person’s Affiliate ceases to be a Lender; provided, that, in such case, such Person shall continue to be a Hedge Bank only through the stated termination date of such Swap Contract (without extension or renewal)).

“Historical Financial Statements” means, collectively, (a) the combined balance sheet of the CX Business as of November 30, 2019, and the related combined statements of operations of the CX Business for the fiscal year then-ended, as set forth in the Form 10 (provided, that, to the extent the Form 10 as of any date of determination includes a balance sheet as of any date ending subsequent to November 30, 2019 for any annual period ending subsequent to November 30, 2019 and/or a related statements of operations for any annual period ending subsequent to November 30, 2019, this clause (a) shall be deemed to be a reference to such balance sheet and/or such related statements of operations, as applicable) and (b) the combined balance sheet of the CX Business as of August 31, 2020, and the related combined statements of operations for the nine months then-ended, as set forth in the Form 10 (provided, that, to the extent the Form 10 as of any date of determination includes a balance sheet as of any date ending subsequent to August 31, 2020 for any period (other than any annual period) ending subsequent to August 31, 2020 and/or a related statements of operations for any period (other than any annual period) ending subsequent to August 31, 2020, this clause (b) shall be deemed to be a reference to such balance sheet and/or such related statements of operations).

“Honor Date” has the meaning specified in Section 2.03(c)(i).

“IFRS” means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements delivered under or referred to herein.

“Immaterial Domestic Subsidiary” means a Domestic Subsidiary which, (a) when considered on an individual basis, does not have (i) assets with an aggregate book value in excess of 5% of consolidated total assets of the Borrower and its Domestic Subsidiaries as of the date of the most recently ended fiscal quarter of the Borrower for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) or (ii) revenues attributable to such Domestic Subsidiary in excess of 5% of the consolidated revenues of the Borrower and its Domestic Subsidiaries as of the most recently ended fiscal quarter of the Borrower for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) and (b) when taken together with all other Immaterial Domestic Subsidiaries which are not Guarantors, does not have (i) assets with an aggregate book value in excess of 10% of consolidated total assets of the Borrower and its Domestic Subsidiaries as of the date of the most recently ended fiscal quarter of the Borrower for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) or (ii) revenues in excess of 10% of the consolidated revenues of the Borrower and its Domestic Subsidiaries as of the most recently ended fiscal quarter of the Borrower for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b).

“Immaterial Foreign Subsidiary” means a Foreign Subsidiary which, when considered on an individual basis, does not have (a) assets with an aggregate book value in excess of 5% of consolidated total assets of the Borrower and its Subsidiaries as of the date of the most recently ended fiscal quarter of the Borrower for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) or (b) revenues attributable to such Foreign Subsidiary in excess of 5% of the consolidated revenues of the Borrower and its Subsidiaries as of the most recently ended fiscal quarter of the Borrower for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b).

“Impacted Loans” has the meaning specified in Section 3.03.

“Incremental Amendment” has the meaning specified in Section 2.16(f).

“Incremental Commitments” has the meaning specified in Section 2.16(a).

“Incremental Facility Closing Date” has the meaning specified in Section 2.16(d).

“Incremental Term Loan” has the meaning specified in Section 2.01(c).

“Incremental Term Loan Commitments” has the meaning specified in Section 2.16(a).

“Indebtedness” means, as to any Person as of any date of determination, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations, whether current or long-term, for borrowed money (including Obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all purchase money indebtedness;

(c) the maximum amount available to be drawn under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments;

(d) all obligations in respect of the deferred purchase price of property or services (other than (i) trade accounts payable, intercompany charges of expenses, deferred revenue and other accrued liabilities (including deferred payments in respect of services by employees), in each case incurred in the ordinary course of business, and (ii) any earn-out obligation or other post-closing balance sheet adjustment prior to such time as it becomes a liability on the balance sheet of such Person in accordance with GAAP);

(e) all Attributable Indebtedness;

(f) the Swap Termination Value of any Swap Contract;

(g) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(h) all obligations to purchase, redeem, retire, defease or otherwise make any payment prior to then-latest Maturity Date in respect of any Equity Interests or any warrant, right or option to acquire such Equity Interests, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends;

(i) without duplication, all Guarantees in respect of any of the foregoing; and

(j) all Indebtedness of the types referred to in clauses (a) through (i) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, except to the extent that such Indebtedness is expressly made non-recourse to such Person (except for customary exceptions to non-recourse provisions such as fraud, misappropriation of funds and environmental liabilities).

For the avoidance of doubt, notwithstanding anything to the contrary contained in this Agreement or in any other Loan Document, the following shall not constitute Indebtedness: (i) trade payables created in the ordinary course of business in connection with the acquisition of inventory (including (A) inventory subject to a Lien described under Section 8.01(y), and (B) Receivables and Related Assets subject to a Lien described under Section 8.01(bb)) and (ii) overdraft lines.

“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 clause (a) above, Other Taxes.

“Indemnitee” has the meaning specified in Section 11.04(b).

“Information” has the meaning specified in Section 11.07.

“Initial Funding Date” means the first date on which all the conditions precedent in Section 5.02 are satisfied (or waived in accordance with Section 11.01(a)(viii)).

“Initial Securitization Facility” means that certain Securitization Transaction established by the Borrower prior to the Initial Funding Date and identified by the Borrower to the Administrative Agent as the “Initial Securitization Facility” for purposes of this Agreement and the other Loan Documents.

“Intercompany Indebtedness” means Indebtedness owing by a Loan Party to another Loan Party.

“Intercreditor Agreement” means, with respect to any Indebtedness permitted pursuant to Section 8.03 and secured by any Permitted Lien, any intercreditor agreement entered into between or among the holders of such Indebtedness (or any duly authorized trustee, agent or other representative for such holder(s)) and the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent.

“Interest Payment Date” means: (a) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date applicable to such Loan; provided, that, if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan or any Loan that bears interest based on the LIBOR Daily Floating Rate (including a Swing Line Loan), the last Business Day of each February, May, August and November and the Maturity Date applicable to such Loan.

“Interest Period” means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter (in each case, subject to availability), as selected by the Borrower in its Loan Notice, or such other period that is twelve months or less requested by the Borrower and consented to by all the applicable Lenders; provided, that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period for any Loan shall extend beyond the Maturity Date applicable to such Loan.

“Internal Revenue Code” means the Internal Revenue Code of 1986.

“Investment” means, as to any Person, (a) the purchase or other acquisition by such Person of Equity Interests of another Person, (b) a loan, advance or capital contribution by such Person to, Guarantee or assumption of Indebtedness by such Person of, or purchase or other acquisition by such Person of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person, or (c) an Acquisition by such Person. For purposes of covenant compliance, unless otherwise specified, the amount of any Investment shall be the amount actually invested at any one time outstanding, without adjustment for subsequent increases or decreases in the value of such Investment.

“IP Rights” has the meaning specified in Section 6.17.

“IRS” means the United States Internal Revenue Service.

“ISP” means, with respect to any Letter of Credit, 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 such Letter of Credit is issued).

“Issuer Documents” means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by an L/C Issuer and the Borrower (or any Subsidiary) or in favor of such L/C Issuer and relating to such Letter of Credit.

“Joinder Agreement” means a joinder agreement substantially in the form of Exhibit E executed and delivered by a Domestic Subsidiary in accordance with the provisions of Section 7.12 or any other documents as the Administrative Agent shall deem appropriate for such purpose.

“L/C Advance” means, with respect to each Lender with a Revolving Commitment, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Applicable Revolving Percentage.

“L/C Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing of Revolving Loans.

“L/C Commitment” means, with respect to each L/C Issuer, the commitment of such L/C Issuer to issue Letters of Credit hereunder. The initial amount of each L/C Issuer’s Letter of Credit Commitment is set forth on Schedule 2.01 or, with respect to any Person that becomes an L/C Issuer after the Effective Date, the amount set forth for such L/C Issuer as its Letter of Credit Commitment in the Register maintained by the Administrative Agent. The Letter of Credit Commitment of an L/C Issuer may be modified from time to time by agreement between such L/C Issuer and the Borrower, and notified to the Administrative Agent.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“L/C Issuer” means, with respect to a particular Letter of Credit, (a) Bank of America in its capacity as issuer of such Letters of Credit hereunder, or any successor issuer of such Letter of Credit hereunder, and (b) each other Lender selected by the Borrower pursuant to Section 2.03(l) (subject to the consent of such Lender as provided in Section 2.03(l)) from time to time to issue such Letter of Credit, or any successor issuer of such Letter of Credit hereunder.

“L/C Obligations” means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. 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 Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of Law.

“LCA Test Date” has the meaning specified in Section 1.03(e).

“Lender” means each of the Persons identified as a “Lender” on the signature pages hereto, each other Person that becomes a “Lender” in accordance with this Agreement and their successors and assigns and, unless the context requires otherwise, includes the Swing Line Lender.

“Lending Office” means, as to the Administrative Agent, any L/C Issuer or any Lender, the office or offices of such Person described as such in such Person’s Administrative Questionnaire, or such other office or offices as such Person may from time to time notify the Borrower and the Administrative Agent, which office may include any Affiliate of such Person or any domestic or foreign branch of such Person or such affiliate.

“Letter of Credit” means any standby letter of credit issued hereunder providing for the payment of cash upon the honoring of a presentation thereunder.

“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the applicable L/C Issuer.

“Letter of Credit Expiration Date” means the day that is seven days prior to the Maturity Date then in effect for the Revolving Loans (or, if such day is not a Business Day, the next preceding Business Day).

“Letter of Credit Fee” has the meaning specified in Section 2.03(h).

“Letter of Credit Sublimit” means an amount equal to \$75,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“Leverage Increase Period” has the meaning specified in Section 8.11(a).

“LIBOR” has the meaning specified in the definition of “Eurodollar Rate.”

“LIBOR Daily Floating Rate” means the fluctuating per annum rate of interest equal to LIBOR and determined for each Business Day at approximately 11:00 a.m., London time, two (2) Business Days prior to the date in question, for Dollar deposits with a one month term (for delivery on the first day of such term), as adjusted from time to time in the Administrative Agent’s sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. The LIBOR Daily Floating Rate in effect on any day other than a Business Day shall be the LIBOR Daily Floating Rate in effect on the immediately preceding Business Day; provided, that, if the LIBOR Daily Floating Rate shall be less than 0.25%, such rate shall be deemed 0.25% for purposes of this Agreement.

“LIBOR Screen Rate” means the LIBOR quote on the applicable screen page the Administrative Agent designates to determine LIBOR (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

“LIBOR Successor Rate” has the meaning specified in Section 3.07.

“LIBOR Successor Rate Conforming Changes” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters as may be appropriate, in the reasonable discretion of the Administrative Agent in consultation with the Borrower, to reflect the adoption and implementation of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent agrees with the Borrower).

“Lien” means any mortgage, pledge, hypothecation, assignment as collateral security, deposit arrangement, encumbrance, lien (statutory or other), charge, or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Limited Condition Acquisition” means any Permitted Acquisition or other Investment permitted by Section 8.02 that the Borrower or any Subsidiary is contractually committed to consummate and whose consummation is not conditioned upon the availability of, or on obtaining, third party financing.

“Loan” means an extension of credit by a Lender to the Borrower under Article II in the form of a Revolving Loan, a Swing Line Loan or a Term Loan.

“Loan Documents” means this Agreement, each Note, each Issuer Document, each Joinder Agreement, the Collateral Documents, the Disclosure Letter (Effective Date), the Disclosure Letter (Initial Funding Date), any Intercreditor Agreement, each Incremental Amendment, the Fee Letter and any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.14 (but specifically excluding Secured Hedge Agreements and Secured Cash Management Agreements).

“Loan Notice” means a notice of (a) a Borrowing of Revolving Loans or a Term Loan, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, in each case pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit A or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

“Loan Parties” means, collectively, the Borrower and each Guarantor.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Master Agreement” has the meaning specified in the definition of “Swap Contract.”

“Material Adverse Effect” means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender, taken as a whole, under any Loan Document to which it is a party or is a beneficiary thereof; (c) a material impairment of the ability of the Loan Parties (taken as a whole) to perform their obligations under any Loan Document to which they are a party; or (d) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

“Material Disposition” means any single Disposition or series of related Dispositions for which the aggregate gross cash proceeds received by the Borrower and its Subsidiaries exceeds (a) in the case of Section 2.05(b)(ii), \$80,000,000 and (b) for all other purposes, the Threshold Amount.

“Material Indebtedness” means (a) any Subordinated Indebtedness and (b) any other Indebtedness (other than Indebtedness arising under the Loan Documents and Indebtedness arising under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount.

“Material Recovery Event” means any single Recovery Event or series of related Recovery Events for which the aggregate gross cash proceeds received by the Borrower and its Subsidiaries exceeds (a) in the case of Section 2.05(b)(ii), \$80,000,000 and (b) for all other purposes, the Threshold Amount.

“Maturity Date” means (a) as to the Revolving Loans, Swing Line Loans, Letters of Credit (and the related L/C Obligations) and the Term A Loan, the date that is five (5) years after the Initial Funding Date and (b) as to an Incremental Term Loan, the final maturity date applicable thereto as specified in the applicable Incremental Amendment; provided, that, in each case, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

“Maximum Rate” has the meaning specified in Section 11.09.

“Minimum Collateral Amount” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances provided to reduce or eliminate Fronting Exposure during the existence of a Defaulting Lender, an amount equal to 103% of the Fronting Exposure of the L/C Issuers with respect to Letters of Credit issued and outstanding at such time and (b) with respect to Cash Collateral consisting of cash or deposit account balances provided in accordance with the provisions of Section 2.14(a)(i), (a)(ii) or (a)(iii), an amount equal to 103% of the Outstanding Amount of all L/C Obligations.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means any Pension Plan of the type described in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a Pension Plan which has two or more contributing sponsors (including any Loan Party or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Cash Proceeds” means the aggregate cash or Cash Equivalents proceeds received by the Borrower or any Subsidiary in respect of any Material Disposition, any Material Recovery Event or any Debt Issuance net of (a) direct costs incurred in connection therewith (including legal, accounting and investment banking fees, and sales commissions), (b) taxes paid or payable as a result thereof and (c) in the case of any Material Disposition or any Material Recovery Event, the amount necessary to retire any Indebtedness secured by a Permitted Lien (ranking senior to any Lien of the Administrative Agent) on the related property; it being understood that “Net Cash Proceeds” shall include any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received by the Borrower or any Subsidiary in any Material Disposition, any Material Recovery Event or any Debt Issuance.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 11.01 and (b) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Extension Notice Date” has the meaning specified in Section 2.03(b)(iii).

“Non-Reinstatement Deadline” has the meaning specified in Section 2.03(b)(iv).

“Note” has the meaning specified in Section 2.11(a).

“Notice of Loan Prepayment” means a notice of prepayment with respect to a Loan, which shall be substantially in the form of Exhibit I or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

“Obligations” means, with respect to each Loan Party, (a) all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit and (b) all obligations of the Borrower or any Subsidiary owing to a Cash Management Bank or a Hedge Bank in respect of Secured Cash Management Agreements or Secured Hedge Agreements, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and

fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding; provided, that, the "Obligations" of a Guarantor shall exclude any Excluded Swap Obligations with respect to such Guarantor.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Organization Documents" means: (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06).

"Outstanding Amount" means (a) with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of any Loans occurring on such date and (b) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrower of Unreimbursed Amounts.

"Participant" has the meaning specified in Section 11.06(d).

"Participant Register" has the meaning specified in Section 11.06(d).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Funding Rules" means the rules of the Internal Revenue Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in Sections 412, 430, 431, 432 and 436 of the Internal Revenue Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (including a Multiple Employer Plan but excluding a Multiemployer Plan) that is maintained or is contributed to by any Loan Party and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Internal Revenue Code.

“Permitted Acquisition” means an Acquisition consisting of an Acquisition by the Borrower or any Subsidiary; provided, that: (a) no Event of Default shall have occurred and be continuing or would result from such Acquisition (except with respect to a Limited Condition Acquisition, in which case (i) no Event of Default shall have occurred and be continuing on the date of execution of the definitive purchase agreement for such Limited Condition Acquisition and (ii) no Event of Default under Section 9.01(a), (f) or (g) shall have occurred and be continuing on the date of consummation of such Limited Condition Acquisition or would exist after giving effect to such Limited Condition Acquisition); (b) the property acquired (or the property of the Person acquired) in such Acquisition is used or useful in the same or a similar line of business as the Borrower and its Subsidiaries were engaged in on the Effective Date (or any reasonable extensions or expansions thereof); (c) in the case of an Acquisition of the Equity Interests of another Person, the board of directors (or other comparable governing body) of such other Person shall have duly approved such Acquisition; and (d) the Loan Parties shall be in compliance with the financial covenants set forth in Section 8.11 recomputed as of the last day of the most recently ended period of the four fiscal quarters of the Borrower for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) after giving effect to such Acquisition on a Pro Forma Basis; provided, that, in the case of an Acquisition for which the aggregate value of the consideration paid exceeds \$500,000,000 (excluding earn-out obligations, the deferred portion of any deferred purchase price, or any other post-closing purchase price adjustments), at least three (3) Business Days prior to the consummation of such Acquisition (or, in the case of a Limited Condition Acquisition, at the Borrower’s option, at least three (3) Business Days prior to the date of execution of the definitive purchase agreement for such Limited Condition Acquisition), the Borrower shall have delivered to the Administrative Agent a Pro Forma Compliance Certificate demonstrating compliance with this clause (d).

“Permitted Liens” means, at any time, Liens in respect of property of the Borrower or any Subsidiary permitted to exist at such time pursuant to the terms of Section 8.01.

“Permitted Sale and Leaseback Transaction” means any Sale and Leaseback Transaction entered into by the Borrower or any of its Subsidiaries; provided, that, the aggregate fair market value of all properties of the Borrower and its Subsidiaries that are Disposed of pursuant to Permitted Sale and Leaseback Transactions after the Initial Funding Date shall not exceed an amount equal to the greater of (a) \$50,000,000 and (b) an amount equal to 2.5% of Consolidated Tangible Assets (determined on the date of consummation of any such Sale and Leaseback Transaction by reference to the amount of Consolidated Tangible Assets existing as of the last day of the most recent fiscal year of the Borrower ended on or prior to such date for which the Borrower has delivered financial statements pursuant to Section 7.01(a)).

“Permitted Securitization Transaction” means each of (a) the Initial Securitization Facility, to the extent permitted under Section 8.03(f), and (b) any other Securitization Transaction established pursuant to the applicable Securitization Documents and permitted under Section 8.03(f).

“Permitted Supplier Finance Program” means, with respect to the Borrower and its Subsidiaries, any financing transaction or series of financing transactions (including factoring arrangements) approved by the Administrative Agent and the Required Lenders (it being understood such approval shall be provided in the sole discretion of the Administrative Agent and the Required Lenders) pursuant to which the Borrower or any Subsidiary may sell, convey or otherwise transfer, or grant a security interest in, contracts, accounts, payments, receivables, rights to future lease payments or residuals or similar rights to payment or any of the equipment related thereto to another Person or affiliate of such other Person that are not affiliates of the Borrower or any Subsidiary, on a non-recourse basis (but for any breach of a representation and warranty).

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Plan**” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of any Loan Party or any ERISA Affiliate or any such Plan to which any Loan Party or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“**Platform**” has the meaning specified in [Section 7.02](#).

“**Priority Debt**” means (a) Indebtedness of Foreign Subsidiaries and (b) secured Indebtedness of the Borrower or any Domestic Subsidiary, in each case, incurred or permitted to be outstanding pursuant to [Section 8.03\(h\)](#).

“**Pro Forma Basis**” means, with respect to any transaction, that for purposes of calculating the financial covenants or the Consolidated First Lien Leverage Ratio, such transaction (including the incurrence of any Indebtedness in connection therewith) shall be deemed to have occurred as of the first day of the most recent period of four fiscal quarters of the Borrower preceding the date of such transaction for which the Borrower was required to deliver financial statements pursuant to [Section 7.01\(a\)](#) or [\(b\)](#). In connection with the foregoing, (a) with respect to any Material Disposition or Material Recovery Event, (i) income statement and cash flow statement items (whether positive or negative) attributable to the property disposed of shall be excluded to the extent relating to any period occurring prior to the date of such transaction and (ii) Indebtedness which is retired shall be excluded and deemed to have been retired as of the first day of the applicable period and (b) with respect to any Acquisition, (i) income statement and cash flow statement items attributable to the Person or property acquired shall be included to the extent relating to any period applicable in such calculations to the extent (A) such items are not otherwise included in such income statement and cash flow statement items for the Borrower and its Subsidiaries in accordance with GAAP or in accordance with any defined terms set forth in [Section 1.01](#) and (B) such items are supported by financial statements or other information reasonably satisfactory to the Administrative Agent and (ii) any Indebtedness incurred or assumed by the Borrower or any Subsidiary (including the Person or property acquired) in connection with such transaction and any Indebtedness of the Person or property acquired which is not retired in connection with such transaction (A) shall be deemed to have been incurred as of the first day of the applicable period and (B) if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination.

“**Pro Forma Compliance Certificate**” means a certificate of a Responsible Officer of the Borrower containing reasonably detailed calculations of the financial covenants set forth in [Section 8.11](#) recomputed as of the last day of the most recently ended period of four fiscal quarters of the Borrower for which the Borrower has delivered financial statements pursuant to [Section 7.01\(a\)](#) or [\(b\)](#) after giving effect to the applicable transaction on a Pro Forma Basis.

“**Pro Forma Financial Statements**” means, collectively, (a) the unaudited pro forma condensed combined statement of operations of the CX Business for the fiscal year ended November 30, 2019, as set forth in the Form 10 and prepared giving effect to the Spin-Off on a pro-forma basis as set forth in the Form 10 (provided, that, to the extent the Form 10 as of any date of determination includes a pro forma statement of operations for any annual period ending subsequent to November 30, 2019, this clause (a) shall be deemed to be a reference to such pro forma statement of operations) and (b) the unaudited pro forma condensed combined balance sheet of the CX Business as of August 31, 2020, and the related pro forma condensed combined statement of operations for the nine months then-ended, as set forth in the Form 10 and prepared giving effect to the Spin-Off on a pro-forma basis as set forth in the Form 10 (provided, that, to the extent the Form 10 as of any date of determination includes a pro forma balance sheet as of any date

ending subsequent to August 31, 2020 for any period ending subsequent to August 31, 2020 and/or a related pro forma statement of operations for any period (other than any annual period) ending subsequent to August 31, 2020, this clause (b) shall be deemed to be a reference to such pro forma balance sheet and/or such related pro forma statement of operations).

“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 Lender” has the meaning specified in Section 7.02.

“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 specified in Section 11.25.

“Qualified Acquisition” means a Permitted Acquisition (or series of Permitted Acquisitions consummated in any six (6)-month period) for which the aggregate consideration is at least \$300,000,000, but only to the extent (a)(i) at least \$300,000,000 of such consideration is funded with the proceeds of Consolidated Funded Indebtedness and/or (ii) at least \$300,000,000 of Consolidated Funded Indebtedness is assumed by the Borrower or any Subsidiary in connection therewith and (b) the incurrence and/or assumption of such Consolidated Funded Indebtedness results in the Consolidated Leverage Ratio, calculated on a Pro Forma Basis, being at least 0.50 higher than the Consolidated Leverage Ratio reflected in the Compliance Certificate most recently delivered by the Borrower pursuant to Section 7.02(b); provided, that, for any individual Permitted Acquisition or series of Permitted Acquisitions to qualify as a “Qualified Acquisition,” the Administrative Agent shall have received, prior to, or concurrently with, the consummation of any such individual Permitted Acquisition (or in the case of a series of Permitted Acquisitions that meet the requirements set forth above in this definition, prior to, or concurrently with, the consummation of the final Permitted Acquisition in the series of Permitted Acquisitions that, taken together, meet the requirements set forth above in this definition), a certificate from a Responsible Officer of the Borrower certifying that such individual Permitted Acquisition or series of Permitted Acquisitions meet the requirements set forth in this definition and notifying the Administrative Agent that the Borrower has elected to treat such individual Permitted Acquisition or series of Permitted Acquisitions as a “Qualified Acquisition” (such certificate, a “Qualified Acquisition Certificate”).

“Qualified Acquisition Certificate” has the meaning specified in the definition of “Qualified Acquisition.”

“Qualified ECP Guarantor” means, at any time, each Loan Party with total assets exceeding \$10,000,000 or that qualifies at such time as an “eligible contract participant” under the Commodity Exchange Act and can cause another Person to qualify as an “eligible contract participant” at such time under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Receivables and Related Assets” means (a) accounts receivable (including all rights to payment created by or arising from the sales of goods, leases of goods or the rendition of services, no matter how evidenced (including in the form of chattel paper) and whether or not earned by performance) and (b) any interest in such accounts receivable and all collateral securing such accounts receivable (including any originator accounts (as defined in the applicable Securitization Documents)), all contracts and contract rights, purchase orders, security interests, financing statements or other documentation in respect of such accounts receivable, any guarantees, indemnities, warranties or other obligations in respect of such accounts receivable, any equipment and any other assets that are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions or factoring arrangements or financing of recurring revenue service contracts involving receivables similar to such accounts receivable and any collections or proceeds of any of the foregoing.

“Recipient” means the Administrative Agent, any Lender, any L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

“Recovery Event” means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of the Borrower or any Subsidiary.

“Register” has the meaning specified in Section 11.06(c).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a benchmark rate to replace LIBOR in loan agreements similar to this Agreement.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty-day notice period has been waived.

“Request for Credit Extension” means (a) with respect to a Borrowing, conversion or continuation of Loans, a Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

“Required Lenders” means, at any time, Lenders having Total Credit Exposures representing more than 50% of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time; provided, that, the amount of any participation in any Swing Line Loan and Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the Swing Line Lender or the applicable L/C Issuer, as the case may be, in making such determination.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, chief operating officer or corporate secretary of the applicable Loan Party so specified herein and, solely for purposes of the delivery of incumbency certificates, the secretary or any assistant secretary of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer of the applicable Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of the applicable Loan Party designated in or pursuant to an agreement between the applicable Loan Party and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party. To the extent requested by the Administrative Agent, each Responsible Officer will provide an incumbency certificate and appropriate authorization documentation, in form and substance reasonably satisfactory to the Administrative Agent.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such Equity Interests or on account of any return of capital to such Person’s stockholders, partners or members (or the equivalent Person thereof), or any option, warrant or other right to acquire any such dividend or other distribution or payment.

“Revolving Commitment” means, as to each Lender, its obligation to (a) make Revolving Loans to the Borrower pursuant to Section 2.01(a), (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto or in any documentation executed by such Lender pursuant to Section 2.01(c), as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“Revolving Commitment Increase” has the meaning provided in Section 2.16(a).

“Revolving Credit Exposure” means, as to any Lender at any time, the aggregate principal amount at such time of such Lender’s outstanding Revolving Loans and such Lender’s participation in L/C Obligations and Swing Line Loans at such time.

“Revolving Loan” has the meaning specified in Section 2.01(a).

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of S&P Global Inc. and any successor thereto.

“Sale and Leaseback Transaction” means, with respect to any Person, any arrangement, directly or indirectly, whereby such Person shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

“Sanction(s)” means any international economic sanction or trade embargo administered or enforced by the United States Government, including, OFAC, the United Nations Security Council, the European Union (not to include those protecting against the effects of extraterritorial sanctions by other nations), Her Majesty’s Treasury or other relevant sanctions authority of OECD member countries.

“Scheduled Unavailability Date” has the meaning specified in Section 3.07.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Secured Cash Management Agreement” means any Cash Management Agreement that is entered into by and between the Borrower or any Subsidiary and any Cash Management Bank with respect to such Cash Management Agreement. For the avoidance of doubt, a holder of Obligations in respect of Secured Cash Management Agreements shall be subject to the last paragraph of Section 9.03 and Section 10.11.

“Secured Hedge Agreement” means any Swap Contract that is entered into by and between the Borrower or any Subsidiary and any Hedge Bank with respect to such Swap Contract. For the avoidance of doubt, a holder of Obligations in respect of Secured Hedge Agreements shall be subject to the last paragraph of Section 9.03 and Section 10.11.

“Secured Party Designation Notice” shall mean a notice from any Lender or an Affiliate of a Lender substantially in the form of Exhibit H.

“Securitization Documents” means, collectively, with respect to any Permitted Securitization Transaction, the definitive documentation for such Permitted Securitization Transaction, including any agreement entered into by any Special Purpose Subsidiary created in connection with the establishment of such Permitted Securitization Transaction.

“Securitization Transaction” means, with respect to any Person, any financing transaction or series of financing transactions (including factoring arrangements) pursuant to which such Person or any Subsidiary of such Person may sell, convey or otherwise transfer, or grant a security interest in, accounts, payments, receivables, rights to future lease payments or residuals or similar rights to payment to a special purpose subsidiary or affiliate of such Person.

“Securitization Related Property” means Receivable and Related Assets which are sold, conveyed, contributed or transferred to one or more Special Purpose Subsidiaries pursuant to a Permitted Securitization Transaction.

“Security Agreement” means the security and pledge agreement to be dated as of the Initial Funding Date and executed in favor of the Administrative Agent, for the benefit of the holders of the Obligations, by each of the Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent.

“Separation” means the separation of the CX Business from the business and operations of the technology solutions segment of SYNEX, pursuant to, and as further described in, the Form 10.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website (or any successor source) and, in each case, that has been selected or recommended by the Relevant Governmental Body.

“SOFR-Based Rate” means SOFR or Term SOFR.

“Solvent” or “Solvency” means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature in the ordinary course of business, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature in the ordinary course of business, (c) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s property would constitute unreasonably small capital, (d) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (e) the present fair salable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured and (f) such Person does not intend, in any transaction, to hinder, delay or defraud either present or future creditors or any other person to which such Person is or will become, through such transaction, indebted. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Special Purpose Subsidiary” means, with respect to any Permitted Securitization Transaction, any special purpose subsidiary or affiliate created in connection with the establishment of such Permitted Securitization Transaction.

“Specified Loan Party” has the meaning specified in [Section 4.08](#).

“Specified Representations” means the representations and warranties set forth in [Section 6.01](#) (solely with respect to the Loan Parties), [Section 6.02](#) (solely with respect to [clauses \(a\)](#) and [\(c\)](#) and solely with respect to the Loan Parties), [Section 6.03](#) (to the extent related to approvals, consents, exemptions, authorizations, or other actions required by a Governmental Authority or applicable Laws), [Section 6.04](#), [Section 6.14](#), [Section 6.18](#), [Section 6.19](#) (subject to any exceptions to be agreed by the Lenders providing the relevant Incremental Term Loan), [Section 6.21](#) (solely with respect to the use of proceeds of the Incremental Term Loans) and [Section 6.22](#).

“Spin-Off” means, collectively, the Separation, the Distribution and any transaction related thereto pursuant to, and as further described in, the Form 10.

“Subordinated Indebtedness” means Indebtedness of the Borrower or any Subsidiary which by its terms is subordinated in right of payment to the payment in full of the Obligations in a form and substance reasonably acceptable to the Administrative Agent.

“Subordinating Loan Party” has the meaning specified in [Section 11.18](#).

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of Voting Equity Interests is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Supported QFC” has the meaning specified in [Section 11.25](#).

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Obligation” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in [clause \(a\)](#) above, the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Swing Line Lender” means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning specified in Section 2.04(a).

“Swing Line Loan Notice” means a notice of a Borrowing of Swing Line Loans pursuant to Section 2.04(b), which shall be substantially in the form of Exhibit B or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

“Swing Line Sublimit” means an amount equal to \$50,000,000. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“SYNNEX” means SYNNEX Corporation, a Delaware corporation.

“SYNNEX BofA Credit Agreement” means that certain credit agreement, dated as of November 27, 2013, by and among SYNNEX, the guarantors party thereto, Bank of America, in its capacity as the administrative agent, and the lenders, swing line lender and letter of credit issuers party thereto (as in effect on the Effective Date).

“SYNNEX BofA Credit Agreement Prepayment” means the voluntary prepayment of the term loans outstanding under the SYNNEX BofA Credit Agreement such that, after giving effect thereto, the aggregate principal amount of the term loans outstanding under the SYNNEX BofA Credit Agreement shall not exceed \$500,000,000.

“SYNNEX Credit Agreement” means each of the SYNNEX BofA Credit Agreement and the SYNNEX JPM Credit Agreement.

“SYNNEX Credit Agreement Prepayments” means, collectively, the SYNNEX BofA Credit Agreement Prepayment and the SYNNEX JPM Credit Agreement Prepayment.

“SYNNEX JPM Credit Agreement” means that certain credit agreement, dated as of August 19, 2018, by and among SYNNEX, the guarantors party thereto, JPMorgan Chase Bank, N.A., in its capacity as the administrative agent, and the lenders party thereto (as in effect on the Effective Date).

“SYNNEX JPM Credit Agreement Prepayment” means the voluntary prepayment of the term loans outstanding under the SYNNEX JPM Credit Agreement such that, after giving effect thereto, the aggregate principal amount of the term loans outstanding under the SYNNEX JPM Credit Agreement shall not exceed \$1,000,000,000.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term A Loan” has the meaning specified in Section 2.01(b).

“Term A Loan Commitment” means, as to each Lender, its obligation to make its portion of the Term A Loan to the Borrower pursuant to Section 2.01(b), in the principal amount set forth opposite such Lender’s name on Schedule 2.01. The aggregate principal amount of the Term A Loan Commitments of all of the Lenders as in effect on the Effective Date is NINE HUNDRED MILLION DOLLARS (\$900,000,000).

“Term Loan” means the Term A Loan or any Incremental Term Loan, as the context may require.

“Term Loan Commitment” means a Term A Loan Commitment or any Incremental Term Loan Commitment, as the context may require.

“Term Loan Increase” has the meaning provided in Section 2.16(a).

“Term SOFR” means the forward-looking term rate for any period that is approximately (as determined by the Administrative Agent) as long as any of the Interest Period options set forth in the definition of “Interest Period” and that is based on SOFR and that has been selected or recommended by the Relevant Governmental Body, in each case as published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion.

“Termination Date” means the earliest to occur of (a) February 28, 2021, (b) the date of termination of the aggregate Commitments pursuant to Section 9.02, (c) the date of consummation of the Distribution without the funding of the Term A Loan and (d) the date of delivery of a notice by the Borrower to the Administrative Agent that SYNEX has determined to abandon the Spin-Off.

“Threshold Amount” means \$150,000,000.

“Ticking Fee” has the meaning specified in Section 2.09(b).

“Total Credit Exposure” means, as to any Lender at any time, the unused Commitments of such Lender at such time, the outstanding Loans of such Lender at such time and such Lender’s participation in L/C Obligations and Swing Line Loans at such time.

“Total Revolving Outstandings” means the aggregate Outstanding Amount of all Revolving Loans, all Swing Line Loans and all L/C Obligations.

“Transactions” means, collectively, (a) the execution and delivery of the Loan Documents, (b) the consummation of the Distribution, (c) the funding of Loans on the Initial Funding Date, (d) the funding of the Initial Securitization Facility on or prior to the Initial Funding Date, (e) the consummation of the Concentrix Release, (f) the making of the SYNEX Credit Agreement Prepayments, (g) the performance and/or consummation, as applicable, of all other transactions (including the Spin-Off) related to any of the foregoing and (h) the payment of all fees and expenses in connection with any of the foregoing.

“Type” means, with respect to any Revolving Loan or any Term Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

“UK Financial Institution” 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 subject to 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.

“United States” and “U.S.” mean the United States of America.

“Unreimbursed Amount” has the meaning specified in Section 2.03(c)(i).

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Internal Revenue Code.

“U.S. Special Resolution Regimes” has the meaning specified in Section 11.25.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(e)(ii)(B)(III).

“USA PATRIOT Act” has the meaning specified in Section 6.22.

“Voting Equity Interests” means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

“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.

1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including the Loan Documents and any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, modified, extended, restated, replaced or supplemented from time to time (subject to any restrictions on such amendments, modifications, extensions, restatements, replacements or supplements set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “hereto,” “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory rules, regulations, orders and provisions consolidating, amending, replacing or interpreting such Law and any reference to any law, rule or regulation shall, unless otherwise specified, refer to such law, rule or regulation as amended, modified, extended, restated, replaced or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all assets and properties, tangible and intangible, real and personal, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale or disposition, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale or disposition, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person).

1.03 Accounting Terms; Changes in GAAP; Calculation of Financial Covenants on a Pro Forma Basis.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Historical Financial Statements (as in existence on the Effective Date), except as otherwise specifically prescribed herein. Notwithstanding the foregoing,

(i) for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded and (ii) for purposes of calculating any financial covenant (including the calculation of any defined term used therein), and for purposes of determining the amount of Consolidated EBITDA, consolidated total assets, consolidated revenues or Consolidated Tangible Assets, in each case, at any time prior to the first delivery of financial statements pursuant to Section 7.01(a) or (b), any such calculation or determination shall be made by reference to the Pro Forma Financial Statements (as in existence on the Effective Date).

(b) Changes in GAAP. If at any time any change in GAAP (including the adoption of IFRS) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Loan Parties shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided, that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above, for purposes of determining compliance with any covenant (including the computation of any financial covenant), all liability amounts shall be determined excluding any liability relating to any operating lease, all asset amounts shall be determined excluding any right-of-use assets relating to any operating lease, all amortization amounts shall be determined excluding any amortization of a right-of-use asset relating to any operating lease, and all interest amounts shall be determined excluding any deemed interest comprising a portion of fixed rent payable under any operating lease, in each case to the extent that such liability, asset, amortization or interest pertains to an operating lease and which would not have been accounted for by the Borrower as such under GAAP as in effect on December 31, 2015.

(c) Consolidation of Variable Interest Entities. All references herein to consolidated financial statements of the Borrower and its Subsidiaries or to the determination of any amount for the Borrower and its Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Borrower is required to consolidate pursuant to FASB ASC 810 as if such variable interest entity were a Subsidiary as defined herein.

(d) Calculation of Financial Covenants on a Pro Forma Basis. Notwithstanding the above, the parties hereto acknowledge and agree that all calculations of the financial covenants in Section 8.11 (including for purposes of determining the Applicable Rate) shall be made on a Pro Forma Basis with respect to any Acquisition, any Material Disposition or any Material Recovery Event occurring during the applicable period.

(e) Limited Condition Acquisitions. Notwithstanding anything to the contrary herein, to the extent that the terms of this Agreement require compliance with any financial ratio or test in connection with a Limited Condition Acquisition, at the option of the Borrower, the date of determination of whether the relevant condition is satisfied shall be deemed to be the date (on the basis of the financial statements for the most recently ended period of four quarters of the Borrower for which financial statements have been delivered) of execution of the definitive agreement with

respect to such Limited Condition Acquisition (the "LCA Test Date"), after giving effect to the relevant Limited Condition Acquisition and related incurrence of Indebtedness, on a Pro Forma Basis; provided, that, notwithstanding the foregoing, the Limited Condition Acquisition and the related Indebtedness to be incurred (and any associated Lien) and the use of proceeds thereof (and the consummation of any Acquisition or Investment) shall be deemed incurred and/or applied at the LCA Test Date (until such time as the Indebtedness is actually incurred or the applicable definitive agreement is terminated without actually consummating the applicable Limited Condition Acquisition) and outstanding thereafter for purposes of pro forma compliance with any applicable calculation of the financial covenants set forth in Section 8.11. For the avoidance of doubt, if any of such ratios or amounts for which compliance was determined or tested as of the LCA Test Date are thereafter exceeded as a result of fluctuations in such ratio (including due to fluctuations in Consolidated EBITDA or the consolidated EBITDA of the target of any Limited Condition Acquisition), at or prior to the consummation of the relevant Limited Condition Acquisition, such ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the relevant Limited Condition Acquisition is permitted to be consummated or taken.

1.04 Rounding.

Any financial ratios required to be maintained by the Loan Parties pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day; Rates.

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable). The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "Eurodollar Rate" or with respect to any rate that is an alternative or replacement for or successor to any of such rate (including any LIBOR Successor Rate) or the effect of any of the foregoing, or of any LIBOR Successor Rate Conforming Changes.

1.06 Letter of Credit Amounts.

Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, that, with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

ARTICLE II.

THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Revolving Loans and Term Loans.

(a) Revolving Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Revolving Loan") to the Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not

to exceed at any time outstanding the amount of such Lender's Revolving Commitment; provided, that, after giving effect to any Borrowing of Revolving Loans, (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, and (ii) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment. Within the limits of each Lender's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow Revolving Loans under this Section 2.01(a), prepay Revolving Loans pursuant to Section 2.05(a), and reborrow Revolving Loans under this Section 2.01(a). Revolving Loans may be Base Rate Loans or Eurodollar Rate Loans, or a combination thereof, as further provided herein.

(b) Term A Loan. Subject to the terms and conditions set forth herein, each Lender severally agrees to make its portion of a term loan (the "Term A Loan") to the Borrower in Dollars in one advance on the Initial Funding Date in an amount equal to such Lender's Term A Loan Commitment. Amounts repaid on the Term A Loan may not be reborrowed. The Term A Loan may consist of Base Rate Loans or Eurodollar Rate Loans, or a combination thereof, as further provided herein.

(c) Incremental Term Loans. Subject to the terms and conditions set forth herein, on any Incremental Facility Closing Date on which any Incremental Term Loan Commitments of any Class are effected (including through any Term Loan Increase) pursuant to Section 2.16, (i) each Lender of such Class severally agrees to make its portion of a term loan (each, an "Incremental Term Loan") to the Borrower in Dollars in an amount equal to such Lender's Incremental Term Loan Commitment with respect to such Incremental Term Loan. Amounts repaid on any Incremental Term Loan may not be reborrowed. An Incremental Term Loan may consist of Base Rate Loans or Eurodollar Rate Loans, or a combination thereof, as further provided herein.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone or a Loan Notice; provided, that any telephonic notice must be confirmed promptly by delivery to the Administrative Agent of a Loan Notice. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of, Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans; provided, that, if the Borrower wishes to request Eurodollar Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of "Interest Period," the applicable notice must be received by the Administrative Agent not later than 11:00 a.m. four Business Days prior to the requested date of such Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the appropriate Lenders of such request and determine whether the requested Interest Period is acceptable to all of them (and the Administrative Agent shall notify the Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all of the appropriate Lenders not later than 11:00 a.m., three Business Days before the requested date of such Borrowing, conversion or continuation). Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof (or, in connection with any conversion or continuation of a Term Loan, if less, the entire principal thereof then outstanding). Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof (or, in connection with any conversion or continuation of a Term Loan, if less, the

entire principal thereof then outstanding). Each Loan Notice and each telephonic notice shall specify (A) whether the Borrower is requesting a Borrowing (and, if so, whether the Borrower is requesting a Borrowing of Revolving Loans, a Borrowing of the Term A Loan or a Borrowing of an Incremental Term Loan), a conversion of Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (B) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (C) the principal amount of Loans to be borrowed, converted or continued, (D) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (E) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of a Loan in a Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in [Section 2.02\(a\)](#). In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in [Section 5.03](#) (and, if such Borrowing is the initial Credit Extension, [Section 5.02](#)), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower; provided, that, if, on the date the Loan Notice with respect to a Borrowing of Revolving Loans is given by the Borrower, there are L/C Borrowings outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such L/C Borrowings and second, shall be made available to the Borrower as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the outstanding Eurodollar Rate Loans be converted immediately to Base Rate Loans.

(d) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than ten (10) Interest Periods in effect.

(f) Notwithstanding anything to the contrary in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification, repricing or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Administrative Agent and such Lender.

(g) This Section 2.02 shall not apply to Swing Line Loans.

2.03 Letters of Credit.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein: (A) each L/C Issuer agrees, in reliance upon the agreements of the Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the Availability Period, and until the Letter of Credit Expiration Date, to issue Letters of Credit in Dollars for the account of the Borrower or any Subsidiary, and to amend or extend Letters of Credit previously issued by it, in accordance with Section 2.03(b) and (2) to honor drawings under the Letters of Credit; and (B) the Lenders with Revolving Commitments severally agree to participate in Letters of Credit issued for the account of the Borrower or any Subsidiary and any drawings thereunder; provided, that, after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (1) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, (2) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment, (3) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit and (4) the aggregate outstanding amount of all L/C Obligations of any L/C Issuer shall not exceed such L/C Issuer's L/C Commitment (unless otherwise agreed by such L/C Issuer in its sole discretion). Each request by the Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) No L/C Issuer shall issue any Letter of Credit if:

(A) subject to Section 2.03(b)(iii), the expiry date of the requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Lenders (other than Defaulting Lenders) holding a majority of the Revolving Credit Exposure have approved such expiry date; or

(B) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders that have Revolving Commitments have approved such expiry date.

(iii) No L/C Issuer shall be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having the force of Law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or

request that such L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which such L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of such L/C Issuer applicable to letters of credit generally;

(C) except as otherwise agreed by the Administrative Agent and such L/C Issuer, such Letter of Credit is in an initial stated amount less than \$100,000;

(D) such Letter of Credit is to be denominated in a currency other than Dollars;

(E) any Lender with a Revolving Commitment is at that time a Defaulting Lender, unless such L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to such L/C Issuer (in its sole discretion) with the Borrower or such Defaulting Lender to eliminate such L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 2.15(b)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which such L/C Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion; or

(F) such Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iv) No L/C Issuer shall amend any Letter of Credit if such L/C Issuer would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof.

(v) No L/C Issuer shall be under any obligation to amend any Letter of Credit if (A) such L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(vi) Each L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and such L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article X with respect to any acts taken or omissions suffered by such L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article X included such L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to such L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to an L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower. Such Letter of Credit Application may be sent by facsimile, by United States mail, by overnight courier, by electronic transmission using the system provided by such L/C Issuer, by personal delivery or by any other means acceptable to such L/C Issuer. Such Letter of Credit Application must be received by such L/C Issuer and the Administrative Agent not later than 11:00 a.m. at least two Business Days (or such later date and time as the Administrative Agent and such L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to such L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as such L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to such L/C Issuer: (1) the Letter of Credit to be amended; (2) the proposed date of amendment thereof (which shall be a Business Day); (3) the nature of the proposed amendment; and (4) such other matters as such L/C Issuer may require. Additionally, the Borrower shall furnish to such L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as such L/C Issuer or the Administrative Agent may require.

(ii) Promptly after receipt of any Letter of Credit Application, the applicable L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, such L/C Issuer will provide the Administrative Agent with a copy thereof. Unless such L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article V shall not then be satisfied, then, subject to the terms and conditions hereof, such L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower or the applicable Subsidiary or enter into the applicable amendment, as the case may be, in each case in accordance with such L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender with a Revolving Commitment shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the applicable L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Applicable Revolving Percentage times the amount of such Letter of Credit.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, an L/C Issuer may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided, that, any such Auto-Extension Letter of Credit must permit such L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the

time such Letter of Credit is issued. Unless otherwise directed by an L/C Issuer, the Borrower shall not be required to make a specific request to such L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) such L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, that, such L/C Issuer shall not permit any such extension if (A) such L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of Section 2.03(a)(ii), Section 2.03(a)(iii) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Lender or any Loan Party that one or more of the applicable conditions specified in Section 5.03 is not then satisfied, and in each case directing such L/C Issuer not to permit such extension.

(iv) If the Borrower so requests in any applicable Letter of Credit Application, an L/C Issuer may, in its sole discretion, agree to issue a Letter of Credit that permits the automatic reinstatement of all or a portion of the stated amount thereof after any drawing thereunder (each, an "Auto-Reinstatement Letter of Credit"). Unless otherwise directed by an L/C Issuer, the Borrower shall not be required to make a specific request to such L/C Issuer to permit such reinstatement. Once an Auto-Reinstatement Letter of Credit has been issued, except as provided in the following sentence, the Lenders shall be deemed to have authorized (but may not require) such L/C Issuer to reinstate all or a portion of the stated amount thereof in accordance with the provisions of such Letter of Credit. Notwithstanding the foregoing, if such Auto-Reinstatement Letter of Credit permits an L/C Issuer to decline to reinstate all or any portion of the stated amount thereof after a drawing thereunder by giving notice of such non-reinstatement within a specified number of days after such drawing (the "Non-Reinstatement Deadline"), such L/C Issuer shall not permit such reinstatement if it has received a notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Reinstatement Deadline (A) from the Administrative Agent that the Required Lenders have elected not to permit such reinstatement or (B) from the Administrative Agent, any Lender or any Loan Party that one or more of the applicable conditions specified in Section 5.03 is not then satisfied (treating such reinstatement as an L/C Credit Extension for purposes of this clause) and, in each case, directing such L/C Issuer not to permit such reinstatement.

(v) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the applicable L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of drawing under such Letter of Credit, the applicable L/C Issuer shall notify the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the date of any payment by such L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), the Borrower shall reimburse such L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. If the Borrower fails to so reimburse such L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the Honor

Date, the amount of the unreimbursed drawing (the “Unreimbursed Amount”), and the amount of such Lender’s Applicable Revolving Percentage thereof. In such event, the Borrower shall be deemed to have requested a Borrowing of Revolving Loans that are Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Revolving Commitments and the conditions set forth in Section 5.03 (other than the delivery of a Loan Notice). Any notice given by an L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided, that, the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to Section 2.03(c)(i) make funds available (and the Administrative Agent may apply Cash Collateral provided for this purpose) for the account of the applicable L/C Issuer at the Administrative Agent’s Office in an amount equal to its Applicable Revolving Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Lender that so makes funds available shall be deemed to have made a Revolving Loan that is a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to such L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing of Revolving Loans that are Base Rate Loans because the conditions set forth in Section 5.03 cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the applicable L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender’s payment to the Administrative Agent for the account of such L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Lender funds its Revolving Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the applicable L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender’s Applicable Revolving Percentage of such amount shall be solely for the account of such L/C Issuer.

(v) Each Lender’s obligation to make Revolving Loans or L/C Advances to reimburse the applicable L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including: (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against such L/C Issuer, the Borrower, any Subsidiary or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default; or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, that, each Lender’s obligation to make Revolving Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 5.03 (other than delivery by the Borrower of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse any L/C Issuer for the amount of any payment made by such L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the applicable L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), then, without limiting the other provisions of this Agreement, such L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by such L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by such L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Loan included in the relevant Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of such L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this Section 2.03(c)(vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after an L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of such L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Applicable Revolving Percentage thereof in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of an L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by such L/C Issuer in its discretion), each Lender shall pay to the Administrative Agent for the account of such L/C Issuer its Applicable Revolving Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the Facility Termination Date and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the Borrower to reimburse each L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), such L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) waiver by such L/C Issuer of any requirement that exists for such L/C Issuer's protection and not the protection of the Borrower or any waiver by such L/C Issuer which does not in fact materially prejudice the Borrower;

(v) honor of a demand for payment presented electronically even if such Letter of Credit requires that demand be in the form of a draft;

(vi) any payment made by such L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by the Uniform Commercial Code or the ISP;

(vii) any payment by such L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by such L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(viii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any Subsidiary.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the applicable L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against such L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, no L/C Issuer shall have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by such Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of any L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of any L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders, the Required Lenders or the Lenders holding a majority of the Revolving Credit Exposure, as applicable, (ii) any action taken or omitted in the absence of gross negligence or willful misconduct or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee

with respect to its use of any Letter of Credit; provided, that, this assumption is not intended to, and shall not, preclude the Borrower from pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of any L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of any L/C Issuer shall be liable or responsible for any of the matters described in Sections 2.03(e)(i) through (e)(viii); provided, that, anything in such sections to the contrary notwithstanding, the Borrower may have a claim against an L/C Issuer, and such L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves, as determined by a final nonappealable judgment of a court of competent jurisdiction, were caused by such L/C Issuer's willful misconduct or gross negligence or such L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, an L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and such L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring, endorsing or assigning or purporting to transfer, endorse or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. An L/C Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) Applicability of ISP; Limitation of Liability. Unless otherwise expressly agreed by an L/C Issuer and the Borrower when a Letter of Credit is issued, the rules of the ISP shall apply to each Letter of Credit. Notwithstanding the foregoing, no L/C Issuer shall be responsible to the Borrower for, and each L/C Issuer's rights and remedies against the Borrower shall not be impaired by, any action or inaction of such L/C Issuer required or permitted under any Law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where such L/C Issuer or the beneficiary is located, the practice stated in the ISP or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade-International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such Law or practice.

(h) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent, for the account of each Lender with a Revolving Commitment, in accordance, subject to Section 2.15, with its Applicable Revolving Percentage, a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit equal to the Applicable Rate for Revolving Loans that are Eurodollar Rate Loans times the daily amount available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. Letter of Credit Fees shall be (i) due and payable on the last Business Day of each February, May, August and November, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(i) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrower shall pay directly to each L/C Issuer, for its own account, a fronting fee with respect to each Letter of Credit, at the rate per annum separately agreed in writing, computed on the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. In the case of Bank of America, in its capacity as an L/C Issuer, such fronting fee shall be due and payable on the tenth Business Day after the end of each February, May, August and November in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. In the case of each other L/C Issuer, such fronting fee shall be due and payable as agreed in writing between the Borrower and such L/C Issuer. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. In addition, the Borrower shall pay directly to each L/C Issuer, for its own account, the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of such L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(j) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

(k) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the Borrower shall be obligated to reimburse each L/C Issuer hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

(l) Additional L/C Issuers. The Borrower may from time to time, upon not less than five (5) Business Days' notice from the Borrower to the Administrative Agent (or such shorter period of time as may be agreed by the Administrative Agent in its sole discretion), designate a Lender as an L/C Issuer (upon obtaining such Lender's prior consent thereto). The Administrative Agent will promptly notify the Lenders of any designation of any such additional L/C Issuers by the Borrower. Upon (i) notification to the Lenders of any additional L/C Issuer by the Administrative Agent and (ii) delivery by the Borrower of such contact and other information regarding such L/C Issuer as the Administrative Agent shall reasonably request, such Lender shall become an L/C Issuer for all purposes of this Agreement, and references to "L/C Issuer" shall mean and include such Lender in its capacity as an L/C Issuer.

(m) L/C Issuer Reports to the Administrative Agent. Unless otherwise agreed by the Administrative Agent, each L/C Issuer shall, in addition to its notification obligations set forth elsewhere in this Section 2.03, provide the Administrative Agent, the following:

(i) reasonably prior to the time that such L/C Issuer issues, amends, renews, increases or extends a Letter of Credit, the date of such issuance, amendment, renewal, increase or extension and the stated amount of the applicable Letters of Credit after giving effect to such issuance, amendment, renewal or extension (and whether the amounts thereof shall have changed);

(ii) on each Business Day on which such L/C Issuer makes a payment pursuant to a Letter of Credit, the date and amount of such payment;

(iii) on any Business Day on which the Borrower fails to reimburse a payment made pursuant to a Letter of Credit required to be reimbursed to such L/C Issuer on such day, the date of such failure and the amount of such payment;

(iv) on any other Business Day, such other information as the Administrative Agent shall reasonably request as to the Letters of Credit issued by such L/C Issuer; and

(v) for so long as any Letter of Credit issued by an L/C Issuer is outstanding, such L/C Issuer shall deliver to the Administrative Agent (A) on the last Business Day of each calendar month, and (B) on each date that (1) an L/C Credit Extension occurs or (2) there is any expiration, cancellation and/or disbursement, in each case, with respect to any such Letter of Credit, a such information as the Administrative Agent shall reasonably request, including, the letter of credit number, maximum face amount, current face amount, beneficiary name, issuance date, expiry date and whether such Letter of Credit is may be automatically renewed or extended.

The Administrative Agent shall maintain a record of all outstanding Letters of Credit based upon information provided by the Borrower and the L/C Issuers pursuant to this [Section 2.03\(m\)](#), and such record of the Administrative Agent shall, absent manifest error, be deemed a correct and conclusive record of all Letters of Credit outstanding from time to time hereunder. Notwithstanding the foregoing, if and to the extent the Administrative Agent determines that there are one or more discrepancies between information provided by the Borrower and any L/C Issuer hereunder, the Administrative Agent will notify the Borrower and such L/C Issuer thereof and the Borrower and such L/C Issuer shall endeavor to reconcile any such discrepancy.

2.04 Swing Line Loans.

(a) Swing Line Facility. Subject to the terms and conditions set forth herein, the Swing Line Lender, in reliance upon the agreements of the other Lenders set forth in this [Section 2.04](#), may in its sole discretion make loans (each such loan, a "Swing Line Loan") to the Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Revolving Percentage of the Outstanding Amount of Revolving Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Revolving Commitment; provided, that, (i) after giving effect to any Swing Line Loan, (A) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments and (B) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment, (ii) the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan and (iii) the Swing Line Lender shall not be under any obligation to make any Swing Line Loan if it shall determine (which determination shall be conclusive and binding absent manifest error) that it has, or by such Credit Extension may have, Fronting Exposure. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow Swing Line Loans under this [Section 2.04\(a\)](#), prepay Swing Line Loans pursuant to [Section 2.05\(a\)](#), and reborrow Swing Line Loans under this [Section 2.04\(a\)](#). Each Swing Line Loan shall bear interest at the LIBOR Daily Floating Rate. Immediately upon the making of a Swing Line Loan, each Lender with a Revolving Commitment shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Revolving Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Borrowing of Swing Line Loans shall be made upon the Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone or a Swing Line Loan Notice; provided, that, any telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a Swing Line Loan Notice. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum principal amount of \$100,000 and (ii) the requested borrowing date, which shall be a Business Day. Promptly after receipt by the Swing Line Lender of any Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. on the date of the proposed Borrowing of Swing Line Loans (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Article V is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrower.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Lender with a Revolving Commitment make a Revolving Loan that is a Base Rate Loan in an amount equal to such Lender's Applicable Revolving Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Revolving Commitments and the conditions set forth in Section 5.03. The Swing Line Lender shall furnish the Borrower with a copy of the applicable Loan Notice promptly after delivering such notice to the Administrative Agent. Each such Lender shall make an amount equal to its Applicable Revolving Percentage of the amount specified in such Loan Notice available to the Administrative Agent in immediately available funds (and the Administrative Agent may apply Cash Collateral available with respect to the applicable Swing Line Loan) for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Loan Notice, whereupon, subject to Section 2.04(c)(ii), each such Lender that so makes funds available shall be deemed to have made a Revolving Loan that is a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Borrowing of Revolving Loans in accordance with Section 2.04(c)(i), the request for Revolving Loans that are Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders with a Revolving Commitment fund its risk participation in the relevant Swing Line Loan and each such Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swing Line Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Loan included in the relevant Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this Section 2.04(c)(iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Revolving Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right that such Lender may have against the Swing Line Lender, the Borrower, any Subsidiary or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, that, each Lender's obligation to make Revolving Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 5.03 (other than delivery by the Borrower of a Loan Notice). No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Applicable Revolving Percentage thereof in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Applicable Revolving Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Lenders under this clause shall survive the Facility Termination Date and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until each Lender funds its Revolving Loan that is a Base Rate Loans or its risk participation pursuant to this Section 2.04 to refinance such Lender's Applicable Revolving Percentage of any Swing Line Loan, interest in respect of such Applicable Revolving Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.05 Prepayments.

(a) Voluntary Prepayments of Loans.

(i) Revolving Loans and Term Loans. The Borrower may, upon notice from the Borrower to the Administrative Agent pursuant to delivery to the Administrative Agent of a Notice of Loan Prepayment, at any time or from time to time voluntarily prepay Revolving Loans and/or the Term Loans in whole or in part without premium or penalty; provided, that, unless otherwise agreed by the Administrative Agent, (A) such notice must be received by the Administrative Agent not later than 11:00 a.m. (1) one Business Day prior to any date of prepayment of Eurodollar Rate Loans and (2) on the date of prepayment of Base Rate Loans, (B) any such prepayment of Eurodollar Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding), (C) any prepayment of Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding), (D) any prepayment of the Term A Loan shall be applied to the principal amortization payments thereof in the manner directed by the Borrower and (E) any prepayment of any Incremental Term Loan shall be applied as provided in the relevant Incremental Amendment. Each such notice shall specify the date and amount of such prepayment and the Type(s) and Class(es) of Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each appropriate Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.15, each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Applicable Percentages.

(ii) Swing Line Loans. The Borrower may, upon notice to the Swing Line Lender pursuant to delivery to the Swing Line Lender of a Notice of Loan Prepayment (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided, that, unless otherwise agreed by the Swing Line Lender, (A) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (B) any such prepayment shall be in a minimum principal amount of \$100,000 or a whole multiple of \$100,000 in excess thereof (or, if less, the entire principal thereof then outstanding). Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(b) Mandatory Prepayments of Loans.

(i) Revolving Commitments. If for any reason the Total Revolving Outstandings at any time exceed the Aggregate Revolving Commitments then in effect, the Borrower shall immediately prepay Revolving Loans and/or Swing Line Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, that, the Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(b)(i) unless after the prepayment in full of the Revolving Loans and Swing Line Loans the Total Revolving Outstandings exceed the Aggregate Revolving Commitments then in effect.

(ii) Dispositions and Recovery Events. The Borrower shall prepay the Loans as hereafter provided in an aggregate amount equal to 100% of the Net Cash Proceeds received by any Loan Party from any Material Disposition or Material Recovery Event to the extent such Net Cash Proceeds are not reinvested in property (other than current assets as classified by GAAP) that is useful in the business of the Borrower and its Subsidiaries within 365 days of the date of such Material Disposition or Material Recovery Event (it being understood that such prepayment shall be due immediately upon the expiration of such 365 day period).

(iii) Debt Issuances. Immediately upon receipt by any Loan Party of the Net Cash Proceeds of any Debt Issuance by any Loan Party, the Borrower shall prepay the Loans as hereafter provided in an aggregate amount equal to 100% of such Net Cash Proceeds.

(iv) Application of Mandatory Prepayments. All amounts required to be paid pursuant to this Section 2.05(b) shall be applied as follows:

(A) with respect to all amounts prepaid pursuant to Section 2.05(b)(i), first, ratably to the L/C Borrowings and the Swing Line Loans, second, to the outstanding Revolving Loans, and, third, to Cash Collateralize the remaining L/C Obligations (if required by the provision of Section 2.05(b)(i)); and

(B) with respect to all amounts prepaid pursuant to Sections 2.05(b)(ii) and (iii), first ratably to the Outstanding Amount of the Term Loans (in each case, ratably to the remaining principal amortization payments), second, ratably to the L/C Borrowings and the Swing Line Loans, third, to the outstanding Revolving Loans.

Within the parameters of the applications set forth above, prepayments shall be applied first to Base Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. All prepayments under this Section 2.05(b) shall be subject to Section 3.05, but otherwise without premium or penalty, and shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

2.06 Termination or Reduction of Commitments.

(a) Optional Reductions of the Aggregate Revolving Commitments. The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Revolving Commitments, or from time to time permanently reduce the Aggregate Revolving Commitments; provided, that, unless otherwise agreed by the Administrative Agent, (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. three Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof, (iii) the Borrower shall not terminate or reduce the Aggregate Revolving Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolving Outstandings would exceed the Aggregate Revolving Commitments and (iv) if, after giving effect to any reduction of the Aggregate Revolving Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Revolving Commitments, such sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Revolving Commitments. Any reduction of the Aggregate Revolving Commitments shall be applied to the Revolving Commitment of each Lender according to its Applicable Revolving Percentage. All fees accrued until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

(b) Termination Date. The aggregate Commitments shall automatically and permanently terminate on the Termination Date if the Initial Funding Date has not occurred prior to such date.

(c) Termination of Term A Loan Commitments. For the avoidance of doubt, the undrawn amount of the Term A Loan Commitments shall automatically and permanently terminate upon the Borrowing of the Term A Loan on the Initial Funding Date.

2.07 Repayment of Loans.

(a) Revolving Loans. The Borrower shall repay to the Lenders on the Maturity Date for the Revolving Loans the aggregate principal amount of all Revolving Loans outstanding on such date.

(b) Swing Line Loans. The Borrower shall repay each Swing Line Loan on the earlier to occur of (i) the date ten Business Days after such Swing Line Loan is made and (ii) the Maturity Date for the Revolving Loans.

(c) Term A Loan. The Borrower shall repay the outstanding principal amount of the Term A Loan in quarterly installments on the last day of each fiscal quarter of the Borrower, commencing on the last Business Day of the second full fiscal quarter of the Borrower ending after the Initial Funding Date, in an amount equal to 1.25% of the outstanding principal amount of the Term A Loan on the Initial Funding Date (after giving effect to the borrowing thereof on the Initial Funding Date), in each case as such installments may hereafter be adjusted as a result of prepayments made pursuant to Section 2.05, unless accelerated sooner pursuant to Section 9.02. On the Maturity Date for the Term A Loan, the Borrower shall repay the outstanding principal amount of the Term A Loan in full.

(d) Incremental Term Loans. The Borrower shall repay the outstanding principal amount of each Incremental Term Loan as provided in the applicable Incremental Amendment, unless accelerated sooner pursuant to Section 9.02.

2.08 Interest.

(a) Subject to the provisions of Section 2.08(b), (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate, (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the LIBOR Daily Floating Rate plus the Applicable Rate for Eurodollar Rate Loans. To the extent that any calculation of interest or any fee required to be paid under this Agreement shall be based on (or would result in) a calculation that is less than zero, such calculation shall be deemed zero for purposes of this Agreement.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Loan) payable by the Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Upon the request of the Required Lenders, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees.

In addition to certain fees described in Sections 2.03(h) and (i):

(a) Commitment Fee. The Borrower shall pay to the Administrative Agent, for the account of each Lender with a Revolving Commitment, in accordance with its Applicable Revolving Percentage, a commitment fee (the "Commitment Fee") equal to the product of (i) the Applicable Rate times (ii) the actual daily amount by which the Aggregate Revolving Commitments exceed the sum of (A) the Outstanding Amount of Revolving Loans and (B) the Outstanding Amount of L/C Obligations, subject to adjustment as provided in Section 2.15. For the avoidance of doubt, the Outstanding Amount of Swing Line Loans shall not be counted towards or considered usage of the Aggregate Revolving Commitments for purposes of determining the Commitment Fee. The Commitment Fee shall accrue at all times during the Availability Period,

including at any time during which one or more of the conditions in Article V is not met, and shall be due and payable quarterly in arrears on the last Business Day of each February, May, August and November, commencing with the first such date to occur after the Initial Funding Date, and on the last day of the Availability Period. The Commitment Fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) Ticking Fee. The Borrower shall pay to the Administrative Agent, for the account of each Lender, in accordance with its respective Applicable Percentages in respect of such Lender's Commitments, a ticking fee (the "Ticking Fee") in an amount equal to total of (i) the product of (A) 0.40% per annum times (B) the actual daily amount of the Aggregate Revolving Commitments, subject to adjustment as provided in Section 2.15, plus (ii) the product of (A) 0.40% per annum times (B) the actual daily amount of the aggregate Term A Loan Commitments, subject to adjustment as provided in Section 2.15. The Ticking Fee shall commence accruing on January 1, 2021, if the Initial Funding Date shall not have occurred prior to such date, and thereafter shall accrue at all times until the earlier to occur of (1) the Initial Funding Date and (2) the Termination Date, including at any time during which one or more of the conditions in Article V is not met. The Ticking Fee shall be due and payable on the earlier to occur of (x) the Initial Funding Date and (y) the Termination Date, and shall be calculated in arrears.

(c) Other Fees.

(i) The Borrower shall pay to BofA Securities and the Administrative Agent, for their own respective accounts, fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(ii) The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.10 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate.

(a) All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to the Eurodollar Rate) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid; provided, that, any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) If, as a result of any restatement of or other adjustment to the financial statements of the Borrower or for any other reason, the Borrower or the Lenders determine that (i) the Consolidated Leverage Ratio as calculated by the Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Consolidated Leverage Ratio would have resulted in higher pricing for such period, the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent, for the account of the applicable Lenders or the L/C Issuers, as

the case may be, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or any L/C Issuer), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or any L/C Issuer, as the case may be, under this Agreement. The Borrower's obligations under this paragraph shall survive the Facility Termination Date.

2.11 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The Administrative Agent shall maintain the Register in accordance with Section 11.06(c). The accounts or records maintained by each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the Register, the Register shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note, which shall evidence such Lender's Loans in addition to such accounts or records. Each such promissory note shall be in the form of Exhibit C (a "Note"). Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in Section 2.11(a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day (or, in the case of principal repayment installments on Eurodollar Rate Loans, if the result of such extension would be to extend such principal repayment installment into another calendar month, such principal repayment installment shall be due on the immediately preceding Business Day), and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such 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 Section 2.02 (or, in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the 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 Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate reasonably determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the L/C Issuers hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the L/C Issuers, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the L/C Issuers, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such L/C Issuer, in immediately available funds 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 Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this Section 2.12(b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article V are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 11.04(c), on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 11.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(f) Insufficient Funds. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, L/C Borrowings, interest and fees then due hereunder, such funds shall be applied (i) first, toward payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, toward payment of principal and L/C Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and L/C Borrowings then due to such parties.

2.13 Sharing of Payments by Lenders.

If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it, resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and subparticipations in L/C Obligations and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided, that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (A) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (B) the application of Cash Collateral provided for in Section 2.14 or (C) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than an assignment to the Borrower or any Subsidiary (as to which the provisions of this Section shall apply).

Each Loan Party 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 Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

2.14 Cash Collateral.

(a) Certain Credit Support Events. If (i) an L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, (ii) as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, (iii) the Borrower shall be required to provide Cash Collateral pursuant to Section 9.02(c) or (iv) there shall exist a Defaulting Lender, the Borrower shall immediately (in the case of clause (iii), above) or within one Business Day (in all other cases) following any request by the Administrative Agent or such L/C Issuer provide Cash Collateral in an amount not less than the applicable Minimum Collateral Amount (determined in the case of Cash Collateral provided pursuant to clause (iv), above, after giving effect to Section 2.15(b), and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the L/C Issuers and the Lenders, and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.14(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent or an L/C Issuer as herein provided (other than Liens permitted under Section 8.01(m)), or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America. The Borrower shall pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of Cash Collateral.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.14 or Sections 2.03, 2.05, 2.15 or 9.02 in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or to secure other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 11.06(b)(vi)) or (ii) the determination by the

Administrative Agent and the applicable L/C Issuer that there exists excess Cash Collateral; provided, that, (A) any such release shall be without prejudice to, and any disbursement or other transfer of Cash Collateral shall be and remain subject to, any other Lien conferred under the Loan Documents and the other applicable provisions of the Loan Documents, and (B) the Person providing Cash Collateral and such L/C Issuer may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

2.15 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 11.01.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article IX or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 11.08 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 the L/C Issuers or Swing Line Lender hereunder; third, to Cash Collateralize each L/C Issuer's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.14; fourth, as the Borrower may request (so long as no Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize each L/C Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.14; sixth, to the payment of any amounts owing to the Lenders, the L/C Issuers or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any L/C Issuer or the Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise as may be required under the Loan Documents in connection with any Lien conferred thereunder or directed by a court of competent jurisdiction; provided, that, if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which 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 5.03 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting

Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to Section 2.15(b). 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 2.15(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any fee payable under Section 2.09(a), Section 2.09(b) or Section 2.09(c) (ii) for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Revolving Percentage of the stated amount of Letters of Credit for which such Defaulting Lender has provided Cash Collateral pursuant to Section 2.14.

(C) With respect to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (B) above, the Borrower shall (1) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations that has been reallocated to such Non-Defaulting Lender pursuant to Section 2.15(b) below, (2) pay to the L/C Issuers the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to each L/C Issuer's Fronting Exposure to such Defaulting Lender, and (3) not be required to pay the remaining amount of any such fee.

(b) Reallocation of Applicable Revolving Percentages to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Revolving Percentages (calculated without regard to such Defaulting Lender's Revolving Commitment) but only to the extent that such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Commitment. Subject to Section 11.22, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(c) Cash Collateral; Repayment of Swing Line Loans. If the reallocation described in Section 2.15(b) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under applicable Law, (i) first, prepay Swing Line Loans in an amount equal to the Swing Line Lenders' Fronting Exposure and (ii) second, Cash Collateralize the L/C Issuers' Fronting Exposure in accordance with the procedures set forth in Section 2.14.

(d) Defaulting Lender Cure. If the Borrower, the Administrative Agent, the Swing Line Lender and the L/C Issuers agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Revolving Percentages (without giving effect to Section 2.15(b)), whereupon such Lender will cease to be a Defaulting Lender; provided, that, no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; provided, further, that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

2.16 Increase to Commitments.

(a) Incremental Commitments. The Borrower may from time to time after the Initial Funding Date, by written notice to the Administrative Agent, request (i) one or more increases to the Aggregate Revolving Commitments (each, a "Revolving Commitment Increase"), (ii) one or more increases to any existing Class of Term Loan (each, a "Term Loan Increase") or (iii) one or more new Classes of Term Loans (any commitment with respect to any Term Loan Increase or any commitment with respect to any new Class of Term Loan, an "Incremental Term Loan Commitment"; any Incremental Term Loan Commitment, or any commitment with respect to any Revolving Commitment Increase, an "Incremental Commitment"), whereupon the Administrative Agent shall promptly deliver a copy or such written notice to each of the Lenders.

(b) Incremental Term Loan Commitments. Any Incremental Term Loan Commitments effected through the establishment of one or more new Term Loans shall be designated a separate Class of Incremental Term Loan Commitments and Term Loans for all purposes of this Agreement. Notwithstanding the foregoing, Incremental Term Loans may have identical terms to any of the then-outstanding Term Loans and be treated as the same Class as any of such Term Loans.

(c) Request for Incremental Commitments. Each request for Incremental Commitments from the Borrower pursuant to this Section 2.16 shall set forth the requested amount and proposed terms of the relevant Incremental Commitments. Incremental Commitments may be provided by any existing Lender (but no existing Lender will have any obligation to provide any Incremental Commitment, and the Borrower will not have any obligation to approach any existing Lenders to provide any Incremental Commitment) or by any other bank or other financial institution that qualifies as an Eligible Assignee.

(d) Effectiveness of Incremental Amendment. The effectiveness of any Incremental Amendment and the Incremental Commitments thereunder shall be subject to the satisfaction on the date thereof (the "Incremental Facility Closing Date") of each of the following conditions:

- (i) no Default shall have occurred and be continuing or would exist after giving effect to such Incremental Commitments; provided, that, in the case of an Incremental Term Loan the proceeds of which are used to fund, in whole or in part, the purchase price of a Limited Condition Acquisition, the foregoing condition shall be (A) no

Event of Default shall have occurred and be continuing on the date of execution of the definitive purchase agreement for such Limited Condition Acquisition and (B) no Event of Default under Section 9.01(a), (f) or (g) shall have occurred and be continuing or would exist after giving effect to such Limited Condition Acquisition and the funding of such Incremental Term Loan;

(ii) the representations and warranties set forth in Article VI shall be true and correct as and to the extent set forth in Section 5.03;

(iii) the Administrative Agent shall have received a Pro Forma Compliance Certificate demonstrating that the Loan Parties would be in compliance with the financial covenants set forth in Section 8.11 recomputed as of the last day of the period of four (4) fiscal quarters of the Borrower most recently ended for which financial statements have been delivered pursuant to Section 7.01(a) or 7.01(b) after giving effect to any Incremental Commitments on a Pro Forma Basis (assuming all Loans available under such Incremental Commitments had been outstanding as of the last day of such period); provided, that, in the case of an Incremental Term Loan the proceeds of which are used to fund, in whole or in part, the purchase price of a Limited Condition Acquisition, receipt of such Pro Forma Compliance Certificate may be satisfied in accordance with Section 1.03(e), at the option of the Borrower, on the applicable LCA Test Date for such Limited Condition Acquisition;

(iv) the aggregate Incremental Commitments for any Revolving Commitment Increase, any Term Loan Increase or any other Class of Incremental Term Loan shall be in an aggregate principal amount that is not less than \$10,000,000 (or if less, the entire remaining amount available for such institution) and shall be in an increment of \$1,000,000 (or such lesser amounts as agreed by the Administrative Agent);

(v) after giving effect to the establishment of such Incremental Commitments, the aggregate principal amount of all Incremental Commitments effected pursuant to this Section 2.16 shall not exceed the sum of (A) \$450,000,000 plus (B) an unlimited amount so long as the Consolidated First Lien Leverage Ratio (calculated on a Pro Forma Basis and assuming any such Incremental Commitments are fully drawn) is less than 3.00:1.0;

(vi) receipt by the Administrative Agent of (A) such resolutions of the board of directors of the Loan Parties and opinions of counsel to the Loan Parties as it may reasonably request relating to the organizational authority for the establishment of such Incremental Commitments and the enforceability thereof and any other matters relevant thereto, and (B) such amendments to the Collateral Documents as may be reasonably requested by the Administrative Agent, all in form and substance reasonably satisfactory to the Administrative Agent;

(vii) such other conditions as the Borrower, each Lender providing any such Incremental Commitment and the Administrative Agent shall agree.

For purposes of calculating the aggregate principal amount of all Incremental Commitments pursuant to Section 2.16(d)(v), the Borrower may elect to establish such Incremental Commitments in reliance on Section 2.16(d)(v)(A) or Section 2.16(d)(v)(B) in any order or concurrently. If in connection with the establishment of any Incremental Commitments the Borrower is able to establish such Incremental Commitments in reliance on either of Section 2.16(d)(v)(A) or Section 2.16(d)(v)(B), and the Borrower does not notify the Administrative Agent as to which section such Incremental Commitments are being established make an election as to

which section such Incremental Commitments are being established, the Borrower will be deemed to have established such Incremental Commitments in reliance on Section 2.16(d)(v)(B). If the Borrower establishes Incremental Commitments in reliance on Section 2.16(d)(v)(A) concurrently with the establishment of Incremental Commitments in reliance on Section 2.16(d)(v)(B), the amount of any such Incremental Commitments established in reliance on Section 2.16(d)(v)(A) shall be disregarded for purposes of calculating the Consolidated First Lien Leverage Ratio in connection with determining the permissibility of the amount of such Incremental Commitments that may be established at such time in reliance on Section 2.16(d)(v)(B).

(e) Required Terms. The terms, provisions and documentation of the Incremental Commitments of any Class shall be as agreed among the Borrower, the Administrative Agent and the applicable Lenders providing such Incremental Commitments. In any event:

(i) (A) any Incremental Commitments with respect to a Revolving Commitment Increase shall be on terms and conditions identical to the Aggregate Revolving Commitments; and (B) any Incremental Commitments with respect to any Term Loan Increase shall be on terms and conditions identical to the Class of Term Loan being increased;

(ii) to the extent not identical to the Term Loans existing on the Incremental Facility Closing Date, any Incremental Term Loan Commitments with respect to any new Class of Incremental Term Loan shall be on terms and conditions reasonably satisfactory to Administrative Agent (it being understood that to the extent any financial maintenance covenant is added for the benefit of any new Class of Incremental Term Loan (and the Incremental Term Loan Commitments with respect thereto), no consent shall be required from the Administrative Agent or any of the Lenders to the extent that such financial maintenance covenant is also added for the benefit of the existing credit facilities hereunder); provided, that, any new Class of Incremental Term Loan shall (A)(1) rank pari passu in right of payment and of security with the then-existing Term Loans and (2) have no obligors other than the Loan Parties, (B) not mature earlier than the latest Maturity Date of any Term Loans outstanding at the time of incurrence of such Incremental Term Loan (except that, for the avoidance of doubt, any Term Loan Increase shall have the same Maturity Date as the Class of Term Loans being increased), (C) have a Weighted Average Life to Maturity not shorter than the then-remaining Weighted Average Life to Maturity of any then-existing Term Loans and (D) subject to clauses (B) and (C) of the proviso to this Section 2.16(e)(ii) set forth above, have an Applicable Rate, fees and amortization determined by the Borrower and the applicable Lenders providing such Incremental Term Loan; provided, further, that, any Class of Incremental Term Loan may participate on a pro rata basis or a less than pro rata basis (but not on a greater than pro rata basis) in any mandatory prepayments of Term Loans hereunder, as specified in the applicable Incremental Amendment.

(f) Incremental Amendment. Each Class of Incremental Commitments shall become Commitments under this Agreement pursuant to an amendment (each, an "Incremental Amendment") to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, the Lenders providing such Incremental Commitments and the Administrative Agent. Each Incremental Amendment may, without the consent of any other Lender, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.16 with respect to the establishment of any Incremental Commitments.

(g) Generally. This Section 2.16 shall supersede any provisions in Section 2.13 or 11.01 to the contrary.

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Loan Party, then the Administrative Agent or such Loan Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to Section 3.01(e).

(ii) If any Loan Party or the Administrative Agent shall be required by the Internal Revenue Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to Section 3.01(e), (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Internal Revenue Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Loan Party or the Administrative Agent shall be required by any applicable Laws other than the Internal Revenue Code to withhold or deduct any Taxes from any payment, then (A) such Loan Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to Section 3.01(e), (B) such Loan Party or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Loan Parties. Without limiting the provisions of Section 3.01(a), the Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications.

(i) Each of the Loan Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within ten days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or an L/C Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or an L/C Issuer, shall be conclusive absent manifest error. Each of the Loan Parties shall, and does hereby, jointly and severally indemnify the Administrative Agent, and shall make payment in respect thereof within ten days after demand therefor, for any amount which a Lender or an L/C Issuer for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.01(c)(i).

(ii) Each Lender and each L/C Issuer shall, and does hereby, severally indemnify, and shall make payment in respect thereof within ten days after demand therefor, (A) the Administrative Agent against any Indemnified Taxes attributable to such Lender or such L/C Issuer (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (B) the Administrative Agent and the Loan Parties, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.06(d) relating to the maintenance of a Participant Register and (C) the Administrative Agent and the Loan Parties, as applicable, against any Excluded Taxes attributable to such Lender or such L/C Issuer, in each case, that are payable or paid by the Administrative Agent or a Loan Party 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 and each L/C Issuer hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or such L/C Issuer, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this Section 3.01(c)(ii).

(d) Evidence of Payments. Upon request by any Loan Party or the Administrative Agent, as the case may be, after any payment of Taxes by such Loan Party or by the Administrative Agent to a Governmental Authority as provided in this Section 3.01, such Loan Party shall deliver to the Administrative Agent or the Administrative Agent shall deliver to such Loan Party, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to such Loan Party or the Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 3.01(e)(ii)(A), 3.01(e)(ii)(B) and 3.01(e)(ii)(D)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BENE 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-8BENE 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) executed originals 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 Internal Revenue Code, (x) a certificate substantially in the form of Exhibit G-1 to

the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Internal Revenue Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BENE; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BENE, a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-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 G-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the Effective Date.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or an L/C Issuer, or have any obligation to pay to any Lender or any L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or such L/C Issuer, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to such Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that, such Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to any Loan Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender or an L/C Issuer, the termination of the Aggregate Revolving Commitments, the termination of the Term A Loan Commitments and the Facility Termination Date.

3.02 Illegality.

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to perform any of its obligations hereunder or to make, maintain or fund or charge interest with respect to any Credit Extension, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (a) any obligation of such Lender to issue, make, maintain, fund or charge interest with respect to any Credit Extension or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended and (b) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (i) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar

Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans and (ii) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurodollar Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to [Section 3.05](#).

Each Lender at its option may make any Credit Extension to the Borrower by causing any domestic or foreign branch or Affiliate of such Lender to make such Credit Extension; provided, that, any exercise of such option shall not affect the obligation of the Borrower to repay such Credit Extension in accordance with the terms of this Agreement.

3.03 Inability to Determine Rates.

If in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof (a) the Administrative Agent determines that (i) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan or (ii)(A) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Loan and (B) the circumstances described in [Section 3.07\(a\)](#) do not apply (in each case with respect to [clause \(a\)](#) above, "Impacted Loans") or (b) the Administrative Agent determines that for any reason the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Eurodollar Rate Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (1) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended (to the extent of the affected Eurodollar Rate Loans or Interest Periods) and (2) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent, upon the instruction of the Required Lenders, revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

Notwithstanding the foregoing, if the Administrative Agent has made the determination described in [clause \(a\)](#) of the first sentence of this [Section 3.03](#), the Administrative Agent, in consultation with the Borrower and the affected Lenders, may establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans until (a) the Administrative Agent revokes the notice delivered with respect to the Impacted Loans under [clause \(a\)](#) of the first sentence of this [Section 3.03](#), (b) the Administrative Agent notifies the Borrower that such alternative interest rate does not adequately and fairly reflect the cost to such Lenders of funding the Impacted Loans, or (c) any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing and provides the Administrative Agent and the Borrower written notice thereof.

3.04 Increased Costs; Reserves on Eurodollar Rate Loans.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e)) or any L/C Issuer;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of "Excluded Taxes" and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or such L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or such L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or such L/C Issuer, the Borrower will pay to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or any L/C Issuer determines that any Change in Law affecting such Lender or such L/C Issuer or any Lending Office of such Lender or such Lender's or such L/C Issuer's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such L/C Issuer's capital or on the capital of such Lender's or such L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swing Line Loans held by, such Lender, or the Letters of Credit issued by such L/C Issuer, to a level below that which such Lender or such L/C Issuer or such Lender's or such L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such L/C Issuer's policies and the policies of such Lender's or such L/C Issuer's holding company with respect to capital adequacy or liquidity), then from time to time the Borrower will pay to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such L/C Issuer or such Lender's or such L/C Issuer's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or an L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or such L/C Issuer or its holding company, as the case may be, as specified in Section 3.04(a) or (b) and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender or such L/C Issuer, as the case may be, the amount shown as due on any such certificate within ten days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or any L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or such L/C Issuer's right to demand such compensation; provided, that,

the Borrower shall not be required to compensate a Lender or an L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender or such L/C Issuer, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Reserves on Eurodollar Rate Loans. The Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Euro-currency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error), which shall be due and payable on each date on which interest is payable on such Loan; provided, that, the Borrower shall have received at least 15 days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 15 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 15 days from receipt of such notice.

3.05 Compensation for Losses.

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

- (a) any continuation, conversion, payment or prepayment of any Eurodollar Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);
- (b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Eurodollar Rate Loan on the date or in the amount notified by the Borrower; or
- (c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 11.13;

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate used in determining the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Mitigation of Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender, any L/C Issuer, or any Governmental Authority for the account of any Lender or any L/C Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then at the request of the Borrower such Lender or such L/C Issuer, as applicable, 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 or such L/C Issuer, as applicable, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or such L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or such L/C Issuer, as the case may be. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or any L/C Issuer in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrower is 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 3.01 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), the Borrower may replace such Lender in accordance with Section 11.13.

3.07 LIBOR Successor Rate.

Notwithstanding anything to the contrary in this Agreement or any other Loan Document, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to Borrower) that the Borrower or Required Lenders (as applicable) have determined, that:

(a) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period (or with respect to the term used in connection with determining LIBOR Daily Floating Rate, as applicable), including because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(b) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans; provided, that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide LIBOR after such specific date (such specific date, the "Scheduled Unavailability Date"); or

(c) syndicated loans currently being executed, or that include language similar to that contained in this Section 3.07, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR;

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Borrower may amend this Agreement solely for the purpose of replacing LIBOR in accordance with this Section 3.07 with (i) one or more SOFR-Based Rates or (ii) another alternate benchmark rate giving due consideration to any evolving or then-existing convention for similar Dollar-denominated syndicated credit facilities for such

alternative benchmarks and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then-existing convention for similar Dollar-denominated syndicated credit facilities for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (the "Adjustment;" and any such proposed rate, a "LIBOR Successor Rate"), and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders (A) in the case of an amendment to replace LIBOR with a rate described in clause (i) above, object to the Adjustment or (B) in the case of an amendment to replace LIBOR with a rate described in clause (ii) above, object to such amendment; provided, that, for the avoidance of doubt, in the case of clause (i), above, the Required Lenders shall not be entitled to object to any SOFR-Based Rate contained in any such amendment. Such LIBOR Successor Rate shall be applied in a manner consistent with market practice; provided, that, to the extent such market practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

If no LIBOR Successor Rate has been determined and the circumstances under clause (a) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended (to the extent of the affected Eurodollar Rate Loans or Interest Periods), (y) the obligation of the Swing Line Lender to make Swing Line Loans shall be suspended and (z) the Eurodollar Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans (subject to the foregoing clause (z)) in the amount specified therein (and, with respect to any pending request for a Borrowing of Swing Line Loans, the Borrower may revoke any such pending request).

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that if such LIBOR Successor Rate is less than 0.25%, such rate shall be deemed to be 0.25% for purposes of this Agreement.

In connection with the implementation of a LIBOR Successor Rate, the Administrative Agent will have the right to make LIBOR Successor Rate Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such LIBOR Successor Rate Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided, that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such LIBOR Successor Conforming Changes to the Lenders reasonably promptly after such amendment becomes effective.

3.08 Survival.

All of the Loan Parties' obligations under this Article III shall survive the termination of the Aggregate Revolving Commitments, the termination of the Term A Loan Commitments, the resignation of the Administrative Agent, the termination of the Loan Documents and the Facility Termination Date.

GUARANTY

4.01 The Guaranty.

On and after the Initial Funding Date, each of the Guarantors (a) hereby jointly and severally guarantees to the Administrative Agent, the L/C Issuers, the Lenders and each other holder of Obligations as hereinafter provided, as primary obligor and not as surety, the prompt payment of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) strictly in accordance with the terms thereof and (b) agrees that if any of the Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) in accordance with the terms of such extension or renewal.

Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents or the other documents relating to the Obligations, the obligations of each Guarantor under this Agreement and the other Loan Documents shall not exceed an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under applicable Debtor Relief Laws.

4.02 Obligations Unconditional.

The obligations of the Guarantors under Section 4.01 are joint and several, irrevocable, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents or other documents relating to the Obligations, or any substitution, release, impairment or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable Law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 4.02 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Guarantor agrees that such Guarantor shall have no right of subrogation, indemnity, reimbursement or contribution against the Borrower or any other Guarantor for amounts paid under this Article IV until such time as the Obligations have been paid in full and the Commitments have expired or terminated. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by Law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder, which shall remain absolute and unconditional as described above:

(a) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of any of the Loan Documents or any other document relating to the Obligations shall be done or omitted;

(c) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents or any other document relating to the Obligations shall be waived or any other guarantee of any of the Obligations or any security therefor shall be released, impaired or exchanged in whole or in part or otherwise dealt with;

(d) any Lien granted to, or in favor of, the Administrative Agent or any other holder of the Obligations as security for any of the Obligations shall fail to attach or be perfected; or

(e) any of the Obligations shall be determined to be void or voidable (including for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including any creditor of any Guarantor).

With respect to its obligations hereunder, each Guarantor hereby expressly waives, to the fullest extent permitted by Law, diligence, presentment, demand of payment, protest and all notices whatsoever and any requirement that the Administrative Agent or any other holder of the Obligations exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents or any other document relating to the Obligations or against any other Person under any other guarantee of, or security for, any of the Obligations.

4.03 Reinstatement.

The obligations of each Guarantor under this Article IV shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any Debtor Relief Law or otherwise, and each Guarantor agrees that it will indemnify the Administrative Agent and each other holder of the Obligations on demand for all reasonable and documented costs and expenses (including the reasonable and documented fees, charges and disbursements of counsel) incurred by the Administrative Agent or such holder of the Obligations in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any Debtor Relief Law.

4.04 Certain Additional Waivers.

Each Guarantor agrees that such Guarantor shall have no right of recourse to security for the Obligations, except through the exercise of rights of subrogation pursuant to Section 4.02 and through the exercise of rights of contribution pursuant to Section 4.06.

4.05 Remedies.

The Guarantors agree that, to the fullest extent permitted by Law, as between the Guarantors, on the one hand, and the Administrative Agent and the other holders of the Obligations, on the other hand, the Obligations may be declared to be forthwith due and payable as specified in Section 9.02 (and shall be deemed to have become automatically due and payable in the circumstances specified in Section 9.02) for purposes of Section 4.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Obligations being deemed to have become automatically due and payable), the Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of Section 4.01. The Guarantors acknowledge and agree that their obligations hereunder are secured in accordance with the terms of the Collateral Documents and that the holders of the Obligations may exercise their remedies thereunder in accordance with the terms thereof.

4.06 Rights of Contribution.

The Guarantors agree among themselves that, in connection with payments made hereunder, each Guarantor shall have contribution rights against the other Guarantors as permitted under applicable Law. Such contribution rights shall be subordinate and subject in right of payment to the obligations of such Guarantors under the Loan Documents and no Guarantor shall exercise such rights of contribution until the Obligations have been paid in full and the Commitments have terminated.

4.07 Guarantee of Payment; Continuing Guarantee.

The guarantee in this Article IV is a guaranty of payment and not of collection, is a continuing guarantee, and shall apply to the Obligations whenever arising.

4.08 Keepwell.

Each Loan Party that is a Qualified ECP Guarantor at the time the Guaranty in this Article IV by any Loan Party that is not then an “eligible contract participant” under the Commodity Exchange Act (a “Specified Loan Party,”) or the grant of a security interest under the Loan Documents by any such Specified Loan Party, in either case, becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under this Guaranty and the other Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor’s obligations and undertakings under this Article IV voidable under applicable Debtor Relief Laws, and not for any greater amount). The obligations and undertakings of each Qualified ECP Guarantor under this Section 4.08 shall remain in full force and effect until the Obligations (other than contingent indemnification obligations as to which no claim has been asserted) have been indefeasibly paid and performed in full. Each Loan Party intends this Section 4.08 to constitute, and this Section 4.08 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each Specified Loan Party for all purposes of the Commodity Exchange Act.

ARTICLE V.

CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

5.01 Conditions to Effectiveness.

This Agreement shall be effective upon satisfaction of the following conditions precedent:

(a) Loan Documents. Receipt by the Administrative Agent of executed counterparts of this Agreement and each other Loan Document to be executed and delivered on the Effective Date, each properly executed by a Responsible Officer of the signing Loan Party and, in the case of this Agreement, by each Lender.

(b) Opinions of Counsel. Receipt by the Administrative Agent of favorable opinions of legal counsel to the Loan Parties, addressed to the Administrative Agent and each Lender, dated as of the Effective Date; provided, that, it is understood and agreed that no opinions with respect to the laws of the State of South Carolina shall be required to be delivered.

(c) Organization Documents, Resolutions, Etc. Receipt by the Administrative Agent of the following: (i) copies of the Organization Documents of each Loan Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its organization, where applicable, and certified by a secretary or assistant secretary of such Loan Party to be true and correct as of the Effective Date; (ii) such certificates of resolutions or other action, incumbency certificates (including specimen signatures) and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party; and (iii) such documents and certifications as the Administrative Agent may require to evidence that each Loan Party is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization.

(d) Form 10. Receipt by the Administrative Agent of the Form 10 as in effect on the Effective Date.

(e) Representations and Warranties; No Default. After giving effect to the Transactions to occur on or prior to the Effective Date, (i) the representations and warranties of each Loan Party contained in Article VI or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (or in all respects if any such representation and warranty is already qualified by materiality) on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or in all respects if any such representation and warranty is already qualified by materiality) as of such earlier date, and (ii) no Default shall exist.

(f) Officer's Certificate. Receipt by the Administrative Agent of a certificate signed by a Responsible Officer of the Borrower as of the Effective Date certifying that the conditions specified in Section 5.01(e) have been satisfied as of the Effective Date.

(g) KYC; Beneficial Ownership. Receipt by the Administrative Agent and each Lender, to the extent requested by the Administrative Agent or such Lender, of all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act. To the extent the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, receipt by the Administrative Agent and each Lender, to the extent requested by the Administrative Agent or such Lender, of a Beneficial Ownership Certification with respect to the Borrower.

Without limiting the generality of the provisions of the last paragraph of Section 10.03, for purposes of determining compliance with the conditions specified in this Section 5.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the Effective Date specifying its objection thereto.

5.02 Conditions to Initial Funding Date.

The obligation of each Lender, each L/C Issuer and the Swing Line Lender to make a Credit Extension under this Agreement on the Initial Funding Date is subject to the satisfaction (or waiver) of the following conditions precedent:

(a) Effective Date. The Effective Date shall have occurred.

(b) Termination Date. The Termination Date shall not have occurred.

(c) Loan Documents. Receipt by the Administrative Agent of executed counterparts of each Loan Document to be executed and delivered on the Initial Funding Date, each properly executed by a Responsible Officer of the signing Loan Party.

(d) Opinions of Counsel. Receipt by the Administrative Agent of favorable opinions of legal counsel to the Loan Parties, addressed to the Administrative Agent and each Lender, dated as of the Initial Funding Date.

(e) Organization Documents, Resolutions, Etc. Receipt by the Administrative Agent of: (i) one or more certificates signed by the secretary or assistant secretary of each Loan Party certifying that: (A) the Organization Documents of such Loan Party delivered to the Administrative Agent on the Effective Date have not been amended, modified, superseded, rescinded or terminated since the Effective Date, and that such Organization Documents remain in full force and effect as of the Initial Funding Date (or, to the extent any such Organization Documents have been amended, modified, superseded, rescinded or terminated since the Effective Date, attaching copies of the Organization Documents for such Loan Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its organization, where applicable, and certified by a secretary or assistant secretary of such Loan Party to be true and correct as of the Initial Funding Date); and (B) the resolutions and incumbency certificates (including specimen signatures) of such Loan Party delivered to the Administrative Agent on the Effective Date have not been amended, modified, superseded, rescinded or terminated since the Effective Date, and that such resolutions and incumbency certificates (including specimen signatures) remain in full force and effect as of the Initial Funding Date (or, to the extent any such resolutions or incumbency certificates (including specimen signatures) have been amended, modified, superseded, rescinded or terminated since the Effective Date, attaching copies of the resolutions and incumbency certificates (including specimen signatures) evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party); and (ii) such documents and certifications as the Administrative Agent may require to evidence that each Loan Party is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization.

(f) Collateral. Receipt by the Administrative Agent of the following: (i)(A) searches of Uniform Commercial Code filings in the jurisdiction of organization of each Loan Party and each other jurisdiction deemed appropriate by the Administrative Agent and (B) tax lien and judgment searches; (ii) Uniform Commercial Code financing statements for each appropriate jurisdiction as is necessary, in the Administrative Agent's discretion, to perfect the Administrative Agent's security interest in the Collateral, to the extent required by the Security Agreement; (iii) all certificates evidencing any certificated Equity Interests pledged to the Administrative Agent pursuant to the Security Agreement, together with duly executed in blank, undated stock powers attached thereto (provided, that, with respect to the delivery of certificates evidencing Equity Interests of any Foreign Subsidiary that are required to be delivered pursuant to this clause (iii), if any such certificates are not available to be delivered as of the Initial Funding Date after the Borrower's use of commercially reasonable efforts to do so, delivery of such certificates shall not be a condition precedent to the occurrence of the Initial Funding Date, but instead such certificates shall be required to be delivered to the Administrative Agent no later than thirty (30) days following the Initial Funding Date (or such later date as is agreed by the Administrative Agent in its sole discretion)); (iv) to the extent required to be delivered pursuant to the Security Agreement, all instruments, documents and chattel paper in the possession of any Loan Party, together with allonges or assignments as may be necessary to perfect the Administrative Agent's security interest therein; (v) searches of ownership of, and Liens on, United States registered intellectual property of each Loan Party in the appropriate governmental offices; and (vi) duly executed notices of grant of security interest in the form required by the Security Agreement as are necessary, in the Administrative Agent's discretion, to perfect the Administrative Agent's security interest in the United States registered intellectual property of the Loan Parties.

(g) Insurance. Receipt by the Administrative Agent of (i) certificates of insurance of the Loan Parties evidencing liability and casualty insurance meeting the requirements set forth in the Loan Documents and (ii) endorsements to insurance policies of the Loan Parties naming the Administrative Agent and its successors and assigns as additional insured (in the case of liability insurance) or lender's loss payee (in the case of property insurance) on behalf of the holders of the Obligations and providing notice of cancellation or alteration to the Administrative Agent with respect to any such insurance coverage (provided, that, with respect to the delivery of insurance endorsements required pursuant to the foregoing clause (ii)), if any such endorsements are not available as of the Initial Funding Date, delivery of such endorsements shall not be a condition precedent to the occurrence of the Initial Funding Date, but instead shall be required to be delivered to the Administrative Agent within thirty (30) days (or such longer period of time as is agreed by the Administrative Agent in its sole discretion) after the Initial Funding Date).

(h) Distribution. Receipt by the Administrative Agent of satisfactory evidence that the Distribution shall have been (or shall be, substantially concurrently with the Initial Funding Date) consummated.

(i) Concentrix Release. Receipt by the Administrative Agent of satisfactory evidence that each Loan Party shall have been (or substantially concurrently with the Initial Funding Date, will be) released from all obligations under each SYNEX Credit Agreement and that all liens and security interests in the assets of such Loan Party granted by such Loan Party in connection with each SYNEX Credit Agreement shall have been (or substantially concurrently with the Initial Funding Date, will be) released and terminated (the releases and terminations described in this Section 5.02(i)) being collectively referred to herein as the "Concentrix Release").

(j) Initial Securitization Facility. Receipt by the Administrative Agent of satisfactory evidence that the Initial Securitization Facility is in full force and effect and that an aggregate amount of at least \$250,000,000 of commitments (whether or not utilized on the Initial Funding Date) are provided thereunder.

(k) SYNEX Credit Agreement Prepayments. Receipt by the Administrative Agent of satisfactory evidence that the SYNEX Credit Agreement Prepayments shall have been (or shall be, substantially concurrently with the Initial Funding Date) made.

(l) Solvency Certificate. Receipt by the Administrative Agent of a certificate from the chief financial officer of the Borrower certifying that the Borrower and its Subsidiaries, on a consolidated basis after giving effect to the Transactions, are Solvent.

(m) Loan Notice. Receipt by the Administrative Agent of a Loan Notice in accordance with the requirements hereof, which Loan Notice shall be deemed to be a representation and warranty that the conditions specified in Sections 5.03(a) and (b) are satisfied on and as of the Initial Funding Date; provided, that, the proceeds of any Borrowing of Revolving Loans to be made on the Initial Funding Date shall be used solely in accordance with, and subject to the limitations set forth in, Section 7.11(b)(i).

(n) Fees. Receipt by the Administrative Agent of any fees required to be paid to the Administrative Agent, BofA Securities and the Lenders on or before the Initial Funding Date.

(o) Expenses. The Borrower shall have paid all fees, charges and disbursements of the Administrative Agent and BofA Securities required to be reimbursed on or before the Initial Funding Date (including all fees, charges and disbursements of counsel to the Administrative Agent

that are required to have been reimbursed or paid (directly to such counsel if requested by the Administrative Agent) to the extent invoiced prior to or on the Initial Funding Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided, that, such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent), in each case, to the extent such fees, charges and disbursements are required to have been reimbursed or paid in accordance with the Engagement Letter (as such term is defined in the Fee Letter).

5.03 Conditions to all Credit Extensions.

The obligation of each Lender and each L/C Issuer to honor any Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of each Loan Party contained in Article VI or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (or in all respects if any such representation and warranty is already qualified by materiality) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or in all respects if any such representation and warranty is already qualified by materiality) as of such earlier date; provided, that, in the case of an Incremental Term Loan the proceeds of which are used to fund, in whole or in part, the purchase price of a Limited Condition Acquisition, the representations and warranties required to be accurate at the time of the closing of such Limited Condition Acquisition and funding of the applicable Incremental Term Loan will be limited to the Specified Representations, and those representations and warranties contained in the applicable acquisition agreement as are material to the interest of the applicable Lenders providing such Incremental Term Loan, but only to the extent that the Borrower or any of its Subsidiaries has the right (taking into account any applicable cure provisions) to terminate its obligations under such acquisition agreement, or to decline to consummate such Limited Condition Acquisition pursuant to such acquisition agreement, as a result of a breach of such representations in such acquisition agreement.

(b) No Default shall exist or would result from such proposed Credit Extension or from the application of the proceeds thereof; provided, that, in the case of an Incremental Term Loan the proceeds of which are used to fund, in whole or in part, the purchase price of a Limited Condition Acquisition, the foregoing condition shall be (i) no Event of Default shall have occurred and be continuing on the date of execution of the definitive purchase agreement for such Limited Condition Acquisition and (ii) no Event of Default under Section 9.01(a), (f) or (g) shall have occurred and be continuing or would exist after giving effect to such Limited Condition Acquisition and the funding of such Incremental Term Loan.

(c) The Administrative Agent and, if applicable, the applicable L/C Issuer or the Swing Line Lender, shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Rate Loans) submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 5.03(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

REPRESENTATIONS AND WARRANTIES

The Loan Parties represent and warrant to the Administrative Agent and the Lenders that:

6.01 Existence, Qualification and Power.

The Borrower and each of its Subsidiaries (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.02 Authorization; No Contravention.

The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party have been duly authorized by all necessary corporate or other organizational action on the part of such Loan Party, and do not (a) contravene the terms of any of such Person's Organization Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (other than pursuant to the Loan Documents) (i) any material Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject or (c) violate in any material respect any Law applicable to such Person.

6.03 Governmental Authorization; Other Consents.

No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document other than (a) those that have already been obtained and are in full force and effect, (b) filings to perfect the Liens created by the Collateral Documents and (c) after the Effective Date, such permits, licenses, authorizations, approvals and entitlements that are required for the lawful conduct of the Loan Parties' business, each of which shall be obtained on or before the date on which it is required to be obtained where the failure to do so could reasonably be expected to have a Material Adverse Effect.

6.04 Binding Effect.

Each Loan Document has been duly executed and delivered by each Loan Party that is party thereto. Each Loan Document constitutes a legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party that is party thereto in accordance with its terms (except for limitations on enforceability under Debtor Relief Laws and limitations on the availability of the remedy of specific performance imposed by the application of general equitable principles).

6.05 Financial Statements; No Material Adverse Effect.

(a) The Historical Financial Statements have been prepared in accordance with GAAP (except as may otherwise be disclosed in the Form 10) and present fairly (on the basis disclosed in the footnotes to such financial statements), in all material respects, the combined financial condition and results of operations of the CX Business as of the dates thereof and for the periods covered thereby.

(b) The Pro Forma Financial Statements (i) have been prepared by the Borrower in good faith, based on the assumptions believed by the Borrower to be reasonable at the time made, and (ii) fairly present, in all material respects, the pro forma condensed combined financial position and the pro forma condensed combined results of operations of the CX Business as of the dates thereof and for the periods covered thereby as if the Spin-Off had occurred on such date or at the beginning of such period, as applicable.

(c) The financial statements delivered pursuant to Section 7.01(a) and (b) have been prepared in accordance with GAAP (except as may otherwise be permitted under Sections 7.01(a) and (b)) and present fairly (on the basis disclosed in the footnotes to such financial statements), in all material respects, the consolidated financial condition, results of operations and cash flows of the Borrower and its Subsidiaries as of the dates thereof and for the periods covered thereby.

(d) Since November 30, 2019, there has been no event or circumstance that has had or could reasonably be expected to have a Material Adverse Effect; provided, that, it is understood and agreed that the execution of the documentation for, and the consummation of the transactions constituting, the Spin-Off shall not constitute a Material Adverse Effect.

6.06 Litigation.

There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Responsible Officers of the Loan Parties, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any Subsidiary or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby or (b) could reasonably be expected to have a Material Adverse Effect.

6.07 No Default.

(a) Neither the Borrower nor any Subsidiary is in default under or with respect to any Contractual Obligation that could reasonably be expected to have a Material Adverse Effect.

(b) No Default has occurred and is continuing.

6.08 Ownership of Property; Liens.

Each of the Borrower and its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not reasonably be expected to have a Material Adverse Effect. The property of the Borrower and its Subsidiaries is not subject to any Liens other than Permitted Liens.

6.09 Environmental Compliance.

Except as could not reasonably be expected to have a Material Adverse Effect:

(a) Each of the Facilities and real properties owned, leased or operated by the Borrower or any Subsidiary (the “Facilities”) and all operations at the Facilities are in compliance with all applicable Environmental Laws, and there is no violation of any Environmental Law with respect to the Facilities or the businesses operated by the Borrower and its Subsidiaries at such time (the “Businesses”), and there are no conditions relating to the Facilities or the Businesses that would reasonably be expected to give rise to liability under any applicable Environmental Laws.

(b) None of the Facilities contains, or has previously contained, any Hazardous Materials at, on or under the Facilities in amounts or concentrations that constitute or constituted a violation of, or could reasonably be expected to give rise to liability under, Environmental Laws.

(c) Neither the Borrower nor any Subsidiary has received any written or verbal notice of, or inquiry from any Governmental Authority regarding, any violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Facilities or the Businesses, nor does any Responsible Officer of any Loan Party have knowledge or reason to believe that any such notice will be received or is being threatened in writing.

(d) Hazardous Materials have not been transported or disposed of from the Facilities, or generated, treated, stored or disposed of at, on or under any of the Facilities or any other location, in each case by or on behalf of the Borrower or any Subsidiary in violation of, or in a manner that would be reasonably likely to give rise to liability under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Responsible Officers of the Loan Parties, threatened in writing, under any Environmental Law to which the Borrower or any Subsidiary is or will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Borrower, any Subsidiary, the Facilities or the Businesses.

(f) There has been no release or threat of release of Hazardous Materials at or from the Facilities, or arising from or related to the operations (including disposal of Hazardous Materials) of the Borrower or any Subsidiary in connection with the Facilities or otherwise in connection with the Businesses, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws.

6.10 Insurance.

The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Subsidiary operates.

6.11 Taxes.

The Borrower and its Subsidiaries have filed all United States federal and state income tax returns and all other material tax returns and reports required to be filed, and have paid all United States federal and state income taxes and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Borrower or any Subsidiary that would, if made, have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is party to any tax sharing agreement.

6.12 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state Laws. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Internal Revenue Code has either received a favorable determination letter or can rely on a favorable opinion letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Internal Revenue Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Internal Revenue Code, or an application for such a letter is currently being processed by the IRS. To the knowledge of the Responsible Officers of the Loan Parties, nothing has occurred that would reasonably be expected to prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of the Responsible Officers of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction in violation of Section 406 or 407 of ERISA or Section 4975 of the Internal Revenue Code or violation of the fiduciary responsibility rules set forth in Section 404 and 405 of ERISA with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred, and no Loan Party nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (ii) each Loan Party and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, in all material respects, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Internal Revenue Code) is 60% or higher and no Loan Party nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below 60% as of the most recent valuation date; (iv) no Loan Party nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (v) no Loan Party nor any ERISA Affiliate has engaged in a transaction that could reasonably be likely to be subject to Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan has been terminated by the plan administrator thereof or by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) As of the Effective Date, neither the Borrower nor any Guarantor is (i) a Plan subject to Title I of the ERISA, (ii) a Plan or account subject to Section 4975 of the Internal Revenue Code, (iii) an entity deemed to hold "plan assets" of any such plans or accounts for purposes of ERISA or the Internal Revenue Code or (iv) a "governmental plan" within the meaning of ERISA.

6.13 Subsidiaries.

Set forth on Schedule 6.13 to the Disclosure Letter (Effective Date) is a complete and accurate list as of the Effective Date of each Subsidiary, together with (a) jurisdiction of organization, (b) number of

shares of each class of Equity Interests outstanding, (c) percentage of outstanding shares of each class owned (directly or indirectly) by the Borrower or any Subsidiary and (d) a notation as to which Subsidiaries are Immaterial Domestic Subsidiaries and Immaterial Foreign Subsidiaries. The outstanding Equity Interests of each Subsidiary are validly issued, fully paid and non-assessable. As of the Initial Funding Date, there have been no changes to the information included on Schedule 6.13 to the Disclosure Letter (Effective Date), other than any such changes as are set forth on Schedule 6.13 to the Disclosure Letter (Initial Funding Date).

6.14 Margin Regulations; Investment Company Act.

(a) The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. 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 the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) subject to the provisions of Section 8.01 or Section 8.05 or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 9.01(e) will be margin stock.

(b) Neither the Borrower nor any Subsidiary is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

6.15 Disclosure.

No report, financial statement, certificate or other information furnished in writing by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished (including, for purposes of clarification, information deemed delivered pursuant to the penultimate paragraph of Section 7.02)) 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 misleading; provided, that, with respect to projected business plans, forecasts and other projected financial information, the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, the Borrower's reasonable estimate of its plans, forecasts or projections, as applicable, based on the information available at the time (it being acknowledged that actual results may vary, and such variations may be material). As of the Effective Date, the information included in any Beneficial Ownership Certification delivered to the Administrative Agent or any Lender on or prior to the Effective Date, if applicable, is true and correct in all respects.

6.16 Compliance with Laws.

Each of the Borrower and each Subsidiary is in compliance with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.17 Intellectual Property; Licenses, Etc.

(a) The Borrower and its Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of their respective businesses.

(b) Set forth on Schedule 6.17 to the Disclosure Letter (Effective Date) is a list of (i) all IP Rights registered or pending registration with the United States Copyright Office or the United States Patent and Trademark Office that as of the Effective Date a Loan Party owns and (ii) all licenses of IP Rights registered with the United States Copyright Office or the United States Patent and Trademark Office as of the Effective Date. As of the Initial Funding Date, there have been no changes to the information included on Schedule 6.17 to the Disclosure Letter (Effective Date), other than any such changes as are set forth on Schedule 6.17 to the Disclosure Letter (Initial Funding Date).

(c) Except for such claims and infringements that could not reasonably be expected to have a Material Adverse Effect, (i) no claim has been asserted and is pending by any Person challenging or questioning the use of any IP Rights or the validity or effectiveness of any IP Rights, nor does any Responsible Officer of any Loan Party know of any such claim, and (ii) to the knowledge of the Responsible Officers of the Loan Parties, the use of any IP Rights by the Borrower or any Subsidiary, the granting of a right or a license in respect of any IP Rights from the Borrower or any Subsidiary does not infringe on any rights of any other Person.

6.18 Solvency.

The Borrower is Solvent, and the Loan Parties are Solvent on a consolidated basis.

6.19 Perfection of Security Interests in the Collateral.

The Collateral Documents create valid security interests in, and Liens on, the Collateral purported to be covered thereby, which security interests and Liens are currently perfected security interests, to the extent and in the manner required by the Collateral Documents and the Administrative Agent, prior to all other Liens other than Permitted Liens.

6.20 Business Locations; Taxpayer Identification Number.

Set forth on Schedule 6.20-1 to the Disclosure Letter (Effective Date) is a list of all real property located in the United States that is owned or leased by any Loan Party as of the Effective Date (identifying whether such real property is owned or leased and which Loan Party owns or leases such real property). Set forth on Schedule 6.20-2 to the Disclosure Letter (Effective Date) is the chief executive office, U.S. tax payer identification number and organizational identification number of each Loan Party as of the Effective Date. The exact legal name and state of organization of each Loan Party as of the Effective Date is as set forth on the signature pages hereto. Except as set forth on Schedule 6.20-3 to the Disclosure Letter (Effective Date), as of the Effective Date, no Loan Party has during the five years preceding the Effective Date (a) changed its legal name, (b) changed its state of formation, or (c) been party to a merger, consolidation or other change in structure. As of the Initial Funding Date, there have been no changes to the information included on Schedules 6.20-1, 6.20-2 or 6.20-3 to the Disclosure Letter (Effective Date), other than any such changes as are set forth on Schedules 6.20-1, 6.20-2 or 6.20-3, respectively, to the Disclosure Letter (Initial Funding Date).

6.21 OFAC; Anti-Corruption.

(a) Neither the Borrower nor any Subsidiary nor, to the knowledge of the Borrower and its Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is, (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction. The Borrower and its Subsidiaries have conducted their businesses in compliance in all material respects with all applicable Sanctions and have instituted and maintained policies and procedures designed to promote and achieve compliance with such Sanctions.

(b) The Borrower and its Subsidiaries have conducted their business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

6.22 USA PATRIOT Act.

The Borrower and its Subsidiaries have conducted their business in compliance with the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "USA PATRIOT Act"), and have instituted and maintained policies and procedures designed to promote and achieve compliance with such law.

6.23 Covered Entities.

No Loan Party is a Covered Entity.

ARTICLE VII.

AFFIRMATIVE COVENANTS

On and after the Initial Funding Date, and until the Facility Termination Date, each Loan Party shall, and shall cause each Subsidiary to:

7.01 Financial Statements.

Deliver to the Administrative Agent (and the Administrative Agent shall make the same available to the Lenders), in form and detail satisfactory to the Administrative Agent:

(a) as soon as available, but in any event within ninety days after the end of each fiscal year of the Borrower (or, if earlier, 15 days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC)), commencing with the fiscal year of the Borrower ending November 30, 2020, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in stockholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit; and

(b) as soon as available, but in any event within forty-five days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower (or, if earlier, 5 days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC)), commencing with the first such fiscal quarter of the Borrower ending on or after the Initial Funding Date, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, and the related consolidated statements of changes in stockholders' equity and cash flows for the portion of the Borrower's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by the chief executive officer, chief financial officer, treasurer or controller that is a Responsible Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

As to any information contained in materials furnished pursuant to Section 7.02(c), the Borrower shall not be separately required to furnish such information under Section 7.01(a) or 7.01(b), but the foregoing shall not be in derogation of the obligation of the Borrower to furnish the information and materials described in Section 7.01(a) or 7.01(b), at the times specified therein.

7.02 Certificates; Other Information.

Deliver to the Administrative Agent (and the Administrative Agent shall make the same available to the Lenders), in form and detail satisfactory to the Administrative Agent:

(a) concurrently with the delivery of the financial statements referred to in Section 7.01(a), a report of its independent certified public accountants certifying such financial statements and stating that in connection with its audit examination no knowledge was obtained of any Default under the financial covenants set forth in Section 8.11 or, if any such Default shall exist, stating the nature and status of such event;

(b) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) and (b), a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller that is a Responsible Officer of the Borrower (which delivery may, unless the Administrative Agent or a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes);

(c) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the equityholders of the Borrower or any Subsidiary, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower or any Subsidiary may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(d) concurrently with the delivery of the financial statements referred to in Section 7.01(b) for the first and third fiscal quarters of each fiscal year of the Borrower, a report signed by a Responsible Officer of the Borrower that supplements Schedule 6.17 to the Disclosure Letter (Effective Date) (or, if updated in connection with delivery of the Disclosure Letter (Initial Funding Date), that supplements Schedule 6.17 to the Disclosure Letter (Initial Funding Date)) such that, as

supplemented, such schedule would be accurate and complete as of such date (and if no supplement is required to cause such schedule to be accurate and complete as of such date, then the Borrower shall not be required to deliver such a report);

(e) promptly after any request by the Administrative Agent, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of the Borrower by independent accountants in connection with the accounts or books of the Borrower, or any audit of any of the Borrower;

(f) promptly, and in any event within ten Business Days after receipt thereof by the Borrower or any Subsidiary, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of the Borrower or any Subsidiary;

(g) promptly following any request therefor, information and documentation reasonably requested by the Administrative Agent or any Lender 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; and

(h) promptly, such additional information regarding the business, financial or corporate affairs of the Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent may from time to time reasonably request in order to allow it to determine compliance with the Loan Documents.

Documents required to be delivered pursuant to Section 7.01(a) or 7.01(b) or Section 7.02(c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 11.02 or (ii) on which such documents are posted on the Borrower'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 sponsored by the Administrative Agent); provided, that, the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender upon its request to the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender. 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 Borrower with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Borrower hereby acknowledges that (a) the Administrative Agent and/or BofA Securities may, but shall not be obligated to, make available to the Lenders and the L/C Issuers materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on Debt Domain, IntraLinks, Syndtrak or another similar electronic system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that (i) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof, (ii) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the

Administrative Agent, BofA Securities, the L/C Issuers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States federal and state securities Laws (provided, that, to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 11.07), (iii) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information" and (iv) the Administrative Agent and BofA Securities shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated as "Public Side Information." Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any Borrower Materials "PUBLIC."

7.03 Notices.

Promptly notify the Administrative Agent (who will notify the Lenders) of:

- (a) the occurrence of any Default.
- (b) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect.
- (c) the occurrence of any ERISA Event which would reasonably be expected to result in a liability in excess of the Threshold Amount.
- (d) any material change in accounting policies or financial reporting practices by the Borrower or any Subsidiary, including any determination by the Borrower referred to in Section 2.10(b).

Each notice pursuant to this Section 7.03 shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 7.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

7.04 Payment of Taxes.

Pay and discharge as the same shall become due and payable all Taxes of the Borrower and its Subsidiaries, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary.

7.05 Preservation of Existence, Etc.

(a) In the case of the Borrower and its Subsidiaries, other than the Immaterial Domestic Subsidiaries and the Immaterial Foreign Subsidiaries, preserve, renew and maintain in full force and effect its legal existence under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 8.04 or 8.05.

(b) Preserve, renew and maintain in full force and effect its good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 8.04 or 8.05 or where the failure to so preserve, renew and maintain could not reasonably be expected to have a Material Adverse Effect.

(c) Take all reasonable action to maintain all rights, privileges, permits, licenses and franchises applicable to the Borrower and its Subsidiaries that are necessary or desirable in the normal conduct of its business, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(d) Preserve or renew all of its IP Rights, the non-preservation or non-renewal of which could reasonably be expected to have a Material Adverse Effect.

7.06 Maintenance of Properties.

(a) Maintain, preserve and protect all of its material properties and material equipment that is necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted.

(b) Make all necessary repairs thereto and renewals and replacements thereof, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Use the standard of care typical in the industry in the operation and maintenance of its facilities, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

7.07 Maintenance of Insurance.

(a) Maintain with financially sound and reputable insurance companies not Affiliates of the Borrower, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

(b) Cause the Administrative Agent and its successors and/or assigns to be named as lender's loss payee or mortgagee as its interest may appear, and/or additional insured with respect to any such insurance providing liability coverage or coverage in respect of any Collateral, and use its commercially reasonable efforts to cause each provider of any such insurance to agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Administrative Agent, that it will give the Administrative Agent thirty days (or such lesser amount as the Administrative Agent may agree) prior written notice before any such policy or policies shall be altered or canceled.

7.08 Compliance with Laws.

Comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

7.09 Books and Records.

(a) Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

(b) Maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Borrower or such Subsidiary, as the case may be.

7.10 Inspection Rights.

Permit representatives of the Administrative Agent (including independent contractors of the Administrative Agent) and each Lender (if and when accompanying the Administrative Agent) to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and, when accompanied by a Responsible Officer of the Borrower, to discuss its affairs, finances and accounts with its officers, and independent public accountants, with all reasonable documented out-of-pocket expenses in connection therewith to be at the expense of the Borrower and at such reasonable times during normal business hours, but no more frequently than once each fiscal year of the Borrower, upon reasonable advance notice to the Borrower; provided, that, when an Event of Default exists, the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice. For the avoidance of doubt, the Borrower and its Subsidiaries will not be required to provide any information to the extent that the provision thereof would violate any Law.

7.11 Use of Proceeds.

Use the proceeds of (a) the Term A Loan (i) on the Initial Funding Date to (A) make a portion of the SYNnex Credit Agreement Prepayments, (B) reduce a portion of the intercompany balances and other indebtedness owed to SYNnex, (C) make other payments to SYNnex in connection with the Spin-Off (including payments that are used for working capital or other general corporate purposes of SYNnex) and (D) pay fees and expenses incurred in connection with the Transactions and (ii) after the Initial Funding Date, to finance working capital, capital expenditures, Permitted Acquisitions and other lawful corporate purposes, (b) the Revolving Loans (i) on the Initial Funding Date to (A) make a portion of the SYNnex Credit Agreement Prepayments, (B) reduce a portion of the intercompany balances and other indebtedness owed to SYNnex and (C) make other payments to SYNnex in connection with the Spin-Off (including payments that are used for working capital or other general corporate purposes of SYNnex) and (ii) after the Initial Funding Date, to finance working capital, capital expenditures, Permitted Acquisitions and other lawful corporate purposes and (c) any other Credit Extensions to finance working capital, capital expenditures, Permitted Acquisitions and other lawful corporate purposes; provided, that, (1) notwithstanding the foregoing, the aggregate principal amount of all Revolving Loans advanced on the Initial Funding Date shall not exceed \$100,000,000 and (2) in no event shall the proceeds of the Credit Extensions be used in contravention of any Law or of any Loan Document.

7.12 Additional Guarantors.

Within forty-five days (or such later date as the Administrative Agent may agree in its sole discretion) after any Person becomes a Domestic Subsidiary (other than (x) an Immaterial Domestic Subsidiary, (y) a Special Purpose Subsidiary or (z) a Domestic Subsidiary that is not a wholly-owned Subsidiary, solely to the extent the terms of such non-wholly owned Domestic Subsidiary's Organization Documents prohibit such Person from guaranteeing the Obligations pursuant to the Loan Documents and/or prohibit such Person from granting a Lien in the assets of such Person pursuant to the Collateral Documents), cause such Person to (a) become a Guarantor by executing and delivering to the Administrative Agent a Joinder Agreement and (b) deliver to the Administrative Agent such Organization Documents, good standing certificates and resolutions and, to the extent requested by the Administrative Agent in its sole discretion, favorable opinions of counsel (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in clause (a) above), all in form, content and scope reasonably satisfactory to the Administrative Agent.

7.13 Pledged Assets.

(a) Equity Interests. Cause (i) 100% of the issued and outstanding Equity Interests of each Domestic Subsidiary directly owned by any Loan Party (other than Excluded Property) and (ii) 65% (or such greater percentage that, due to a change in an applicable Law after the Effective Date, (A) could not reasonably be expected to cause the undistributed earnings of such Foreign Subsidiary as determined for United States federal income tax purposes to be treated as a deemed dividend to such Foreign Subsidiary's United States parent and (B) could not reasonably be expected to cause any material adverse tax consequences) of the issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary (other than (x) an Immaterial Foreign Subsidiary and (y) Excluded Property) directly owned by any Loan Party to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent pursuant to the Collateral Documents, and, in connection with the foregoing, deliver to the Administrative Agent such other documentation as the Administrative Agent may request, including any filings and deliveries to perfect such Liens and favorable opinions of counsel all in form and substance reasonably satisfactory to the Administrative Agent.

(b) Other Property. Cause all property (other than Excluded Property) of each Loan Party to be subject at all times to first priority, perfected Liens in favor of the Administrative Agent to secure the Obligations pursuant to, and to the extent and in the manner required by, the Collateral Documents (subject to Permitted Liens) and, in connection with the foregoing, deliver to the Administrative Agent such other documentation as the Administrative Agent may request including filings and deliveries necessary to perfect such Liens, Organization Documents, resolutions and favorable opinions of counsel to such Person, all in form, content and scope reasonably satisfactory to the Administrative Agent.

Notwithstanding anything herein or in the other Loan Documents to the contrary, no Special Purpose Subsidiary shall be required to grant a security interest in its property to secure any of the Obligations.

7.14 Anti-Corruption Laws; Sanctions.

(a) Conduct its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions and maintain policies and procedures designed to promote and achieve compliance with such laws.

(b) Conduct its business in compliance with all applicable Sanctions and maintain policies and procedures designed to promote and achieve compliance with such Sanctions.

ARTICLE VIII.

NEGATIVE COVENANTS

On and after the Initial Funding Date, and until the Facility Termination Date, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

8.01 Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues (other than Equity Interests of the Borrower to the extent constituting margin stock), whether now owned or hereafter acquired, other than the following:

- (a) Liens pursuant to any Loan Document;
- (b) Liens existing on the Effective Date and listed on Schedule 8.01 to the Disclosure Letter (Effective Date) and any renewals or extensions thereof so long as the property covered thereby is not increased;
- (c) Liens (other than Liens imposed under ERISA) for taxes, assessments or governmental charges or levies not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted;
- (d) Liens of landlords, carriers, warehousemen, mechanics, materialmen and repairmen and other like Liens arising in the ordinary course of business; provided, that, such Liens secure only amounts not overdue for more than thirty days or, if overdue for more than thirty days, are being contested in good faith by appropriate proceedings diligently conducted;
- (e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation and public liability laws, other than any Lien imposed by ERISA;
- (f) pledges or deposits to secure the performance of bids, tenders, trade contracts and leases (other than Indebtedness), public or statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
- (g) easements, rights-of-way, zoning and other restrictions, irregularities in title and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;
- (h) attachment Liens and Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under Section 9.01(g) or (h);
- (i) Liens securing Indebtedness permitted under Section 8.03(g); provided, that, (i) such Liens do not at any time encumber any property other than the property (or proceeds thereof) financed by such Indebtedness and (ii) such Liens attach to such property concurrently with or within ninety days after the acquisition or completion or construction thereof;
- (j) licenses, leases or subleases granted to others not interfering in any material respect with the business of the Borrower or any Subsidiary;
- (k) any interest of title of a lessor under, and Liens arising from Uniform Commercial Code financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to, leases permitted by this Agreement;

- (l) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 8.02;
- (m) normal and customary rights of setoff or banker's Liens in favor of banks or other depository or financial institutions arising as a matter of law or under customary agreements for the provision of banking and securities intermediary services and Liens securing payment obligations thereunder;
- (n) Liens arising under Sections 4-208 and 4-210 of the Uniform Commercial Code (or, if applicable, the corresponding section of the Uniform Commercial Code in effect in the relevant jurisdiction) on items in the course of payment or collection;
- (o) Liens arising on any real property as a result of any eminent domain, condemnation or similar proceeding being commenced with respect to such real property;
- (p) Liens on property of a Person acquired in connection with a Permitted Acquisition existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary or becomes a Subsidiary or existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary; provided, that, (i) such Liens were not created in contemplation of such merger, consolidation, Investment or acquisition, (ii) such Liens do not encumber any property other than the property encumbered at the time of such merger, consolidation, Investment or acquisition, and the proceeds and products thereof, (iii) such Liens do not extend to any assets other than those of the Person merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary or the assets so acquired, and (iv) any Indebtedness secured by such Lien is permitted under Section 8.03 (it being understood that such Indebtedness shall reduce availability under the applicable basket in Section 8.03 except in the case of Indebtedness of the type described in Section 8.03(e));
- (q) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods and deposits as security for contested custom or import duties;
- (r) Liens on any cash earnest money deposit made by the Borrower or any Subsidiary in connection with any letter of intent or acquisition agreement relating to a Permitted Acquisition, Disposition or other transaction that is not prohibited by this Agreement;
- (s) rights of first refusal, voting, redemption, transfer or other restrictions with respect to the Equity Interests in any joint venture entities or other Persons that are not Subsidiaries acquired in connection with Investments permitted under Section 8.02;
- (t) Liens on cash and Cash Equivalents arising in connection with the defeasance, discharge, redemption or termination (including by way of cash collateralization) of Indebtedness to the extent such defeasance, discharge, redemption or termination is not prohibited by this Agreement;
- (u) Liens on Securitization Related Property created or deemed to exist in connection with any Permitted Securitization Transaction;
- (v) preferential arrangements in the form of subordination and intercreditor agreements in favor of creditors of the customers of the Borrower and its Subsidiaries;

(w) Liens securing Indebtedness permitted under Section 8.03(h); provided, that, (i) at the time of creation, assumption or incurrence of the Indebtedness secured by any such Lien and after giving effect thereto and the application of the proceeds thereof, no Default or Event of Default would exist and (ii) to the extent such Liens encumber the Collateral, such Liens shall be subject to an Intercreditor Agreement;

(x) Liens in favor of Governmental Authorities securing the obligations of Foreign Subsidiaries in jurisdictions outside of the United States; provided, that, (i) such Liens are required by such Governmental Authorities in order for such Foreign Subsidiaries to conduct business in such jurisdictions and (ii) such Liens do not extend to any assets other than those of such Foreign Subsidiaries;

(y) Liens on inventory (and the proceeds thereof) in favor of financiers of inventory (including vendor financiers) to secure trade payables in the ordinary course of business in connection with the acquisition of inventory;

(z) Liens on Investments maintained pursuant to Section 8.02(c) in favor of the beneficiary of any such unqualified deferred compensation arrangement;

(aa) Liens securing Indebtedness under Section 8.03(m);

(bb) Liens created or deemed to exist on any Receivables or Related Assets in connection with any Permitted Supplier Finance Program;

(cc) other Liens securing obligations not constituting Indebtedness for borrowed money in an aggregate principal amount outstanding not to exceed \$50,000,000; and

(dd) Liens securing Indebtedness under Section 8.03(n); provided, that, such Liens do not extend to any assets other than the Equity Interests of such Foreign Subsidiary and the assets of such Foreign Subsidiary and its Subsidiaries.

Notwithstanding anything to the contrary in this Section 8.01 or otherwise, no Special Purpose Subsidiary shall create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than Liens (i) existing under the Permitted Securitization Transaction to which such Special Purpose Subsidiary is a party and (ii) permitted under the applicable Securitization Documents to which such Special Purpose Subsidiary is a party.

8.02 Investments.

Make any Investments, except:

(a) Investments in the form of cash or Cash Equivalents, short-term Investments and other Investments which, in each case, are not prohibited under any other provision of this Agreement, so long as such short-term Investments and other Investments are made in accordance with the Borrower's investment policy as in effect on the Effective Date (as disclosed to the Administrative Agent prior to the Effective Date and as may be changed from time to time by Borrower with the prior written consent of the Administrative Agent);

(b) Investments outstanding on the Effective Date and set forth in Schedule 8.02 to the Disclosure Letter (Effective Date);

- (c) Investments maintained by the Borrower pursuant to the Borrower's unqualified deferred compensation arrangements; provided, that such compensation arrangements are entered into in the ordinary course of business;
- (d) Investments in any Person that is a Loan Party prior to giving effect to such Investment (it being understood and agreed that any Investment to form a Subsidiary that will become a Guarantor in accordance with Section 7.12 is permitted);
- (e) Investments by any Subsidiary that is not a Loan Party in any other Subsidiary that is not a Loan Party;
- (f) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business (including intercompany balances incurred or made in the ordinary course of business which do not constitute loans for borrowed money), and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;
- (g) Guarantees permitted by Section 8.03;
- (h) Investments that constitute Permitted Liens;
- (i) Permitted Acquisitions;
- (j) (i) Investments by Loan Parties in Subsidiaries that are not Loan Parties the proceeds of which are substantially contemporaneously applied to consummate a Permitted Acquisition; and (ii) other Investments by Loan Parties in Subsidiaries that are not Loan Parties; provided, that, in the case of this clause (j), (A) at the time of such Investment and after giving effect thereto, no Event of Default has occurred and is continuing and (B) after giving effect such Investment on a Pro Forma Basis, the Loan Parties would be in compliance with the financial covenants set forth in Section 8.11;
- (k) Investments by the Borrower or any Subsidiary in a Special Purpose Subsidiary in connection with a Permitted Securitization Transaction; provided, that, such Investments are customary in Securitization Transactions;
- (l) Investments consisting of loans, advances and other extensions of credit to officers, directors and employees of the Borrower and its Subsidiaries for business purposes in an amount not to exceed \$6,000,000 in the aggregate at any time outstanding;
- (m) Investments consisting of loans, advances, Guarantees and other extensions of credit to or on behalf of customers and vendors, and Cost Investments in customers and vendors (including Cost Investments made to acquire new customers and vendors), in each case, in the ordinary course of business and in a manner consistent with past practices;
- (n) Cost Investments made on or after the Initial Funding Date; provided, that, the aggregate amount of all such Cost Investments pursuant to this clause (n) shall not exceed \$60,000,000 at any time outstanding;
- (o) Investments consisting of guarantees of the trade credit obligations, real property leases, indemnification and other obligations with respect to deposit accounts, or other obligations of Subsidiaries in the ordinary course of business or in connection with any transaction permitted to be incurred under Section 8.03 (other than Investments constituting Guarantees of Indebtedness);

(p) contingent Guarantee obligations to repurchase inventory repossessed by flooring companies that was previously sold to customers in the ordinary course of business;

(q) to the extent constituting Investments, Guarantees of obligations of a Subsidiary (other than obligations constituting Indebtedness) in connection with any Permitted Acquisition or any Disposition permitted under Section 8.05;

(r) Investments in SYNnex or any of SYNnex's Subsidiaries in connection with the Spin-Off; and

(s) Investments of a nature not contemplated in the foregoing clauses in an amount not to exceed \$50,000,000 in the aggregate at any time outstanding.

For purposes of clarification, nothing in this Section 8.02 prohibits the Foreign Subsidiaries from holding foreign currencies in the ordinary course of business. For purposes of determining compliance with this Section 8.02, in the event that any proposed Investments meets the criteria of more than one of the categories of Investments permitted in clauses (a) through (s) above, the Borrower shall be permitted to divide or classify such item on the date of its making, and from time to time may reclassify, in any manner that complies with this Section 8.02 at such time.

8.03 Indebtedness.

Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness outstanding on the Effective Date and set forth in Schedule 8.03 to the Disclosure Letter (Effective Date), and any refinancings and extensions thereof; provided, that, (i) with respect to any refinancings or extensions of any such Indebtedness, (A) the amount of such Indebtedness is not increased at the time of such refinancing or extension except (1) by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing or extension and by an amount equal to any existing commitments unutilized thereunder and (2) if the amount of such increase is otherwise permitted under this Section 8.03 and (B) the material terms taken as a whole of such refinancing or extension either (1) reflect market terms at the time of issuance thereof, as reasonably determined by the Borrower in good faith, or (2) shall, taken as a whole, not be more favorable to the lenders providing such Indebtedness than the terms and conditions applicable to the Indebtedness being refinanced or extended and (ii) the amount of any Indebtedness stated on Schedule 8.03 to the Disclosure Letter (Effective Date) that is subject to a revolving loan facility shall be the maximum amount available to be borrowed thereunder on the Effective Date (excluding increase options under such facilities);

(c) intercompany Indebtedness permitted under Section 8.02; provided, that, in the case of Indebtedness owing by a Loan Party to a Subsidiary that is not a Loan Party, (i) such Indebtedness shall by its terms be subordinated in right of payment to the prior payment in full of the Obligations in form and substance reasonably acceptable to the Administrative Agent and (ii) such Indebtedness shall not be prepaid unless no Default exists immediately prior to or after giving effect to such prepayment;

(d) obligations (contingent or otherwise) existing or arising under any Swap Contract; provided, that, (i) such obligations are (or were) entered into by such Person in the ordinary course of business or in connection with the Loans made under this Agreement for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a “market view;” and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(e) purchase money Indebtedness (including obligations in respect of capital leases and Synthetic Lease Obligations) incurred to finance the purchase of fixed or capital assets, and renewals, refinancings and extensions thereof; provided, that, (i) the aggregate outstanding principal amount of all such Indebtedness shall not exceed \$50,000,000 at any one time outstanding and (ii) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed;

(f) Indebtedness under any Securitization Transaction (including the Initial Securitization Facility); provided, that, (i) the aggregate Attributable Indebtedness with respect to all Securitization Transactions (including the Initial Securitization Facility) shall not exceed at any time outstanding an amount equal to \$400,000,000 and (ii) each Securitization Transaction shall be non-recourse to the Loan Parties other than with respect to purchase or repurchase obligations for breaches of representations and warranties, deemed collections, performance guaranties, and indemnity obligations and other similar undertakings in each case that are customary for similar standard market accounts receivable transactions;

(g) (i) unsecured Indebtedness or Subordinated Indebtedness of the Borrower and its Domestic Subsidiaries; provided, that, (A) at the time of incurrence of such Indebtedness, no Default has occurred and is continuing, (B) after giving effect to the incurrence of such Indebtedness on a Pro Forma Basis, the Loan Parties would be in compliance with the financial covenants set forth in Section 8.11, (C) such Indebtedness shall not include any financial maintenance covenants that are more restrictive in any respect on the Loan Parties than the financial maintenance covenants in this Agreement, (D) such Indebtedness is not subject to any amortization payments or any mandatory prepayments or sinking fund payments (other than in connection with a change of control, asset sale or event of loss and customary acceleration rights after an event of default) in each case, prior to the date that is six (6) months after the then-latest Maturity Date, and (E) such Indebtedness shall not mature at any time on or prior to the date that is six (6) months after the then-latest Maturity Date; and (ii) without limiting the right of the Borrower or any of its Domestic Subsidiaries to incur unsecured Indebtedness or Subordinated Indebtedness in reliance on Section 8.03(g)(i), any refinancings and extensions of unsecured Indebtedness or Subordinated Indebtedness originally incurred pursuant to Section 8.03(g)(i); provided, that, at the time of such refinancing or extension, and after giving effect thereto, (A) no Default has occurred and is continuing, (B) the amount of such Indebtedness shall not be increased except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing or extension and by an amount equal to any existing commitments unutilized thereunder, (C) such Indebtedness shall not include any financial maintenance covenants that are more restrictive in any respect on the Loan Parties than the financial maintenance covenants in this Agreement, (D) such Indebtedness shall not be subject to any amortization payments or any mandatory prepayments or sinking fund payments (other than in connection with a change of control, asset sale or event of loss and customary acceleration rights after an event of default) in each case, prior to the date that is six (6) months after the then-latest Maturity Date, and (E) such Indebtedness shall not mature at any time on or prior to the date that is six (6) months after the then-latest Maturity Date;

(h) Priority Debt; provided, that, (i) the aggregate outstanding principal amount of all Priority Debt shall not exceed 40% of Consolidated EBITDA for the period of the four fiscal quarters of the Borrower most recently ended for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) (determined as of the date such Priority Debt is incurred) and (ii) the Priority Debt attributable to the Borrower and its Domestic Subsidiaries shall not exceed 20% of Consolidated EBITDA for the period of the four fiscal quarters of the Borrower most recently ended for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) (determined as of the date such Priority Debt is incurred);

(i) Indebtedness which constitutes a Lien on investment property or general intangibles that represent Equity Interests of a Foreign Subsidiary and which is otherwise a Permitted Lien and Indebtedness that constitutes a Permitted Lien under the following: Sections 8.01(c), 8.01(d), 8.01(e), 8.01(h), 8.01(l), 8.01(m), 8.01(n), 8.01(p), 8.01(q) and 8.01(t);

(j) Indebtedness consisting of indemnification obligations or adjustments in respect of the purchase price (including earn-outs) in connection with any Permitted Acquisition or any Disposition permitted under Section 8.05;

(k) Guarantees with respect to Indebtedness permitted under this Section 8.03 (including, for the avoidance of doubt, customary Guarantees of a Subsidiary that is a seller, servicer or originator of Receivables and Related Assets in connection with a Permitted Securitization Transaction);

(l) unsecured reimbursement obligations of Loan Parties and their respective Subsidiaries in respect of letters of credit, bankers' acceptances, bank guaranties, surety or performance bonds, and similar instruments issued in the ordinary course of business;

(m) secured reimbursement obligations of the Loan Parties and their respective Subsidiaries in respect of letters of credit, bankers' acceptances, bank guaranties, surety or performance bonds and similar instruments issued in the ordinary course of business, in an aggregate principal amount not to exceed \$30,000,000 at any time outstanding; and

(n) other Indebtedness of Foreign Subsidiaries in an aggregate principal amount not to exceed \$150,000,000 at any time outstanding.

Notwithstanding anything to the contrary in this Section 8.03 or otherwise, no Special Purpose Subsidiary shall contract, create, incur, assume or permit to exist any Indebtedness other than Indebtedness (i) existing from time to time under the Permitted Securitization Transaction to which such Special Purpose Subsidiary is a party and (ii) permitted under the applicable Securitization Documents to which such Special Purpose Subsidiary is a party. For purposes of determining compliance with this Section 8.03, in the event that any proposed Indebtedness meets the criteria of more than one of the categories of Indebtedness permitted in clauses (a) through (n) above, the Borrower shall be permitted to divide or classify such item on the date of its incurrence, and from time to time may reclassify, in any manner that complies with this Section 8.03 at such time.

8.04 Fundamental Changes.

Merge, dissolve, liquidate or consolidate with or into another Person, except that so long as no Default exists or would result therefrom: (a) the Borrower may merge or consolidate with any of its Subsidiaries; provided, that, the Borrower is the continuing or surviving Person; (b) any Subsidiary may merge or consolidate with or liquidate into any other Subsidiary; provided, that, if a Loan Party is a party to such transaction, the continuing or surviving Person is a Loan Party or such surviving Person becomes a Loan Party concurrently with the consummation of such merger, consolidation or liquidation; (c) subject to clauses (a) and (b) above, the Borrower or any Subsidiary may merge with any other Person in connection with a Permitted Acquisition; and (d) any Subsidiary may dissolve, liquidate or wind up its affairs at any time; provided, that, such dissolution, liquidation or winding up, as applicable, could not have a Material Adverse Effect.

8.05 Dispositions.

Make any Disposition except:

(a) Dispositions in which (i) at least 75% of the consideration paid in connection therewith shall be cash or Cash Equivalents paid within 365 days of the consummation of the transaction and shall be in an amount not less than the fair market value of the property disposed of, (ii) if such transaction is a Sale and Leaseback Transaction, such transaction is not prohibited by the terms of Section 8.14, (iii) such transaction does not involve a sale or other disposition of receivables other than receivables owned by or attributable to other property concurrently being disposed of in a transaction otherwise permitted under this Section 8.05(a), and (iv) the aggregate net book value of all of the assets sold or otherwise disposed of by the Borrower and its Subsidiaries in all such transactions permitted under this Section 8.05(a) and Section 8.05(c) occurring on and after the Initial Funding Date shall not exceed 15% of Consolidated Tangible Assets (determined on the date of consummation of any such Disposition by reference to the amount of Consolidated Tangible Assets existing as of the last day of the most recent fiscal year of the Borrower ended on or prior to such date for which the Borrower has delivered financial statements pursuant to Section 7.01(a));

(b) transfers of property subject to Recovery Events in connection with any settlement related thereto;

(c) other Dispositions; provided, that, (i) the aggregate net book value of all of the assets sold or otherwise disposed of by the Borrower and its Subsidiaries in all such transactions permitted under this Section 8.05(c) occurring on and after the Initial Funding Date shall not exceed \$25,000,000 and (ii) the aggregate net book value of all of the assets sold or otherwise disposed of by the Borrower and its Subsidiaries in all such transactions permitted under this Section 8.05(c) and Section 8.05(a) on and after the Initial Funding Date shall not exceed 15% of Consolidated Tangible Assets (determined on the date of consummation of any such Disposition by reference to the amount of Consolidated Tangible Assets existing as of the last day of the most recent fiscal year of the Borrower ended on or prior to such date for which the Borrower has delivered financial statements pursuant to Section 7.01(a)); and

(d) to the extent constituting a Disposition, Investments permitted pursuant to Section 8.02.

8.06 Restricted Payments.

Declare or make any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) each Subsidiary may declare and make Restricted Payments to Persons that own Equity Interests in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) the Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;

(c) the Borrower may declare and make quarterly cash dividends on the outstanding common Equity Interests of the Borrower to the holders of such common Equity Interests (as such quarterly cash dividends may be adjusted for stock splits, "Common Stock Dividends"); provided, that, (i) no Event of Default exists or would result therefrom and (ii) after giving effect to any such Common Stock Dividends on a Pro Forma Basis, the Borrower shall be in compliance with the financial covenants set forth in Section 8.11 recomputed as of the end of the period of the four fiscal quarters of the Borrower most recently ended for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b); and

(d) the Borrower may declare and make other Restricted Payments; provided, that, (i) no Event of Default exists or would result therefrom and (ii) after giving effect to any such Restricted Payment on a Pro Forma Basis, (A) the Borrower shall be in compliance with the financial covenants set forth in Section 8.11 recomputed as of the end of the period of the four fiscal quarters of the Borrower most recently ended for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) and (B) the Consolidated Leverage Ratio recomputed as of the end of the period of the four fiscal quarters of the Borrower most recently ended for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) is not greater than 3.50:1.00.

8.07 Change in Nature of Business.

Engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the Effective Date or any business substantially related or incidental thereto, including customer experience solutions, business process outsourcing services, and related sales and services.

8.08 Transactions with Affiliates.

Enter into or permit to exist any transaction or series of transactions with any Affiliate of such Person other than (a) advances of working capital to any Loan Party, (b) transfers of cash and assets to any Loan Party, (c) intercompany transactions expressly permitted by Section 8.02, Section 8.03, Section 8.04, Section 8.05, Section 8.06, Section 8.12, Section 8.14 and Section 8.16, (d) compensation arrangements approved by the board of directors (or appropriate committee thereof) of the Borrower and other normal and reasonable compensation and reimbursement of expenses of officers and directors, including indemnification agreements, (e) employee benefit plans, arrangements and severance payments and (f) except as otherwise specifically limited in this Agreement, other transactions which are on terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arms-length transaction with a Person other than an Affiliate.

8.09 Burdensome Agreements.

Enter into, or permit to exist, any Contractual Obligation to which the Borrower or any of its Subsidiaries is a party that: (a) encumbers or restricts the ability of any the Borrower or any of its Subsidiaries to (i) make Restricted Payments to any Loan Party, (ii) pay any Indebtedness or other

obligation owed to any Loan Party, (iii) make loans or advances to any Loan Party, (iv) transfer any of its property to any Loan Party, (v) in the case of the Borrower and its Domestic Subsidiaries, pledge its property pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof or (vi) in the case of the Borrower and its Domestic Subsidiaries, act as a Loan Party pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof, except (in respect of any of the matters referred to in clauses (i)-(y) above) for: (A) this Agreement and the other Loan Documents; (B) the Securitization Documents; (C) any document or instrument governing Indebtedness incurred pursuant to Section 8.03(e); provided, that, any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith; (D) any document or instrument governing Indebtedness incurred pursuant to Section 8.03(b), Section 8.03(c) (to the extent arising from subordination provisions in favor of the Administrative Agent), Section 8.03(f), Section 8.03(g), Section 8.03(h), Section 8.03(k), or Section 8.03(n); (E) any Permitted Lien or any document or instrument governing any Permitted Lien; provided, that, any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien; (F) customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 8.05 pending the consummation of such sale; (G) waivers of rights of subrogation and subordination of intercompany obligations in connection with any credit support provided to a Foreign Subsidiary pursuant to any Indebtedness permitted to be incurred pursuant to Section 8.03; (H) customary restrictions on transfer in license agreements restricting the assignment or transfer thereof; or (I) restrictions and conditions relating to the obligation to transfer or otherwise make available assets for the benefit of SYNEX and its Subsidiaries in connection with the Spin-Off; or (b) requires the grant of any security for any obligation if such property is given as security for the Obligations.

8.10 Use of Proceeds.

Use the proceeds of any Credit Extension, whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

8.11 Financial Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Borrower, commencing with the first fiscal quarter of the Borrower ending on or after the Initial Funding Date, to be greater than 3.75:1.0; provided, that, upon the consummation of a Qualified Acquisition, for each of the four fiscal quarters of the Borrower immediately following the consummation of such Qualified Acquisition (including the fiscal quarter of the Borrower in which such Qualified Acquisition was consummated) (such period of increase, a "Leverage Increase Period"), the ratio set forth above shall be increased to 4.25:1.0; provided, further, that, (i) for at least two fiscal quarters of the Borrower immediately following each Leverage Increase Period, the Consolidated Leverage Ratio as of the end of such fiscal quarters shall not be greater than 3.75:1.0 prior to giving effect to another Leverage Increase Period, and (ii) after the consummation of a Qualified Acquisition, each Leverage Increase Period shall only apply with respect to the following (and not for any other purpose): (A) the calculation of the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Borrower for purposes of determining compliance with this Section 8.11(a); (B) the calculation required by clause (d) in the proviso of the definition of "Permitted Acquisition" for the purpose of determining the permissibility of the consummation of the Qualified Acquisition triggering such Leverage Increase Period (it being understood and agreed that (1) if such Qualified Acquisition is a Limited Condition Acquisition, such calculation may be made as of the LCA Test Date with respect to such Limited Condition Acquisition, so long as the Qualified Acquisition Certificate with respect to such

Qualified Acquisition is delivered on such LCA Test Date and (2) notwithstanding the delivery of such Qualified Acquisition Certificate, the Leverage Increase Period shall only apply for purposes of the calculation referenced in this clause (B) and not for any other purpose, unless and until such Qualified Acquisition is consummated (after which time the Leverage Increase Period shall only apply for the purposes otherwise set forth in this clause (i)); (C) the calculation required by Section 2.16(d)(iii) for the purpose of determining the permissibility of the incurrence of any Incremental Commitments the proceeds of which will be used to finance all or a portion of the consideration for the Qualified Acquisition triggering such Leverage Increase Period (it being understood and agreed that (1) if such Qualified Acquisition is a Limited Condition Acquisition, such calculation may be made as of the LCA Test Date with respect to such Limited Condition Acquisition, so long as the Qualified Acquisition Certificate with respect to such Qualified Acquisition is delivered on such LCA Test Date and (2) notwithstanding the delivery of such Qualified Acquisition Certificate, the Leverage Increase Period shall only apply for purposes of the calculation referenced in this clause (C) and not for any other purpose, unless and until such Qualified Acquisition is consummated (after which time the Leverage Increase Period shall only apply for the purposes otherwise set forth in this clause (ii)); (D) the calculation required by clause (B) in the proviso of Section 8.03(g)(i) for the purpose of determining the permissibility of the incurrence of any unsecured Indebtedness or Subordinated Indebtedness the proceeds of which will be used to finance all or a portion of the consideration for the Qualified Acquisition triggering such Leverage Increase Period (it being understood and agreed that (1) if such Qualified Acquisition is a Limited Condition Acquisition, such calculation may be made as of the LCA Test Date with respect to such Limited Condition Acquisition, so long as the Qualified Acquisition Certificate with respect to such Qualified Acquisition is delivered on such LCA Test Date and (2) notwithstanding the delivery of such Qualified Acquisition Certificate, the Leverage Increase Period shall only apply for purposes of the calculation referenced in this clause (D) and not for any other purpose, unless and until such Qualified Acquisition is consummated (after which time the Leverage Increase Period shall only apply for the purposes otherwise set forth in this clause (ii)); and (E) the calculation required by clause (i) in the proviso of Section 8.06(c) for the purpose of determining the permissibility of the payment of any Common Stock Dividends (provided, that, it is understood and agreed that during any Leverage Increase Period, the Borrower shall not increase the per share amount of any Common Stock Dividends above the per share amount of the Common Stock Dividends most recently paid by the Borrower immediately prior to the commencement of such Leverage Increase Period).

(b) Consolidated Interest Charge Coverage Ratio. Permit the Consolidated Interest Charge Coverage Ratio as of the end of any fiscal quarter of the Borrower, commencing with the first fiscal quarter of the Borrower ending on or after the Initial Funding Date, to be less than 3.00:1.0.

8.12 Other Indebtedness.

(a) Amend or modify any Subordinated Indebtedness if such amendment or modification would add or change any terms in a manner materially adverse to the Borrower or any Subsidiary (including any amendment or modification that would shorten the final maturity or average life to maturity or require any payment to be made sooner than originally scheduled or increase the interest rate applicable thereto).

(b) If any Default exists, make (or give any notice with respect thereto) any voluntary or optional payment or prepayment or redemption or acquisition for value of (including by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due), refund, refinance or exchange of, any Subordinated Indebtedness or any unsecured Indebtedness incurred pursuant to Section 8.03(g).

(c) Make any payment of principal or interest on any Subordinated Indebtedness in violation of the subordination provisions of such Subordinated Indebtedness.

8.13 Organization Documents; Fiscal Year; Legal Name, State of Organization and Form of Entity.

(a) Amend, modify or change its Organization Documents in a manner adverse to the Lenders.

(b) Change its fiscal year; provided, that, upon at least 5 Business Days' prior written notice (or such shorter notice as is agreed by the Administrative Agent in its sole discretion), the Borrower or any Subsidiary shall be permitted to change its fiscal year to any other fiscal year reasonably acceptable to the Administrative Agent, and, in connection therewith, the Borrower and the Administrative Agent shall make, and the Lenders hereby authorize the Administrative Agent to make, any adjustments to this Agreement and the other Loan Documents that are necessary to reflect such change in fiscal year.

(c) With respect to the Loan Parties, change its name, state of organization or form of organization without providing ten days prior written notice to the Administrative Agent (or such lesser period as the Administrative Agent may agree).

8.14 Sale Leasebacks.

Enter into any Sale and Leaseback Transaction other than Permitted Sale and Leaseback Transactions.

8.15 Sanctions.

Use any Credit Extension or the proceeds of any Credit Extension, or lend, contribute or otherwise make available such Credit Extension or the proceeds of any Credit Extension to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions (and which would result in a violation), or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, Arranger, Administrative Agent, L/C Issuer, Swing Line Lender, or otherwise) of Sanctions.

8.16 Permitted Securitization Transactions.

Amend or modify any of the terms of any Permitted Securitization Transaction if such amendment or modification would add or change any terms in a manner materially adverse to the Borrower or any Subsidiary (it being understood that an increase of the amount of Indebtedness under any Permitted Securitization Transaction, to the extent such Indebtedness is permitted pursuant to Section 8.03(f), is not prohibited by this Section 8.16).

8.17 Anti-Corruption Laws.

Use any Credit Extension or the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions.

EVENTS OF DEFAULT AND REMEDIES

9.01 Events of Default.

Any of the following shall constitute an "Event of Default":

(a) Non-Payment. Any Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligation, or (ii) within three Business Days after the same becomes due, any interest on any Loan or on any L/C Obligation, or any fee due hereunder, or (iii) within five Business Days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants.

(i) On and after the Initial Funding Date, any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 7.01 or 7.02 and such failure continues for five days; or

(ii) On and after the Initial Funding Date, any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 7.03(a), 7.05(a), 7.10 or 7.11 or Article VIII; or

(c) Other Defaults. On and after the Initial Funding Date, any Loan Party fails to perform or observe any other covenant or agreement (not specified in Sections 9.01(a) or (b)) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty days after any Loan Party becomes aware of such breach; or

(d) Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading when made or deemed made; or

(e) Cross-Default. On and after the Initial Funding Date: (i) the Borrower or any Subsidiary fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Material Indebtedness; (ii) the Borrower or any 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, 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 Material Indebtedness to be made, prior to its stated maturity; or (iii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Borrower or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which the Borrower or any Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by the Borrower or such Subsidiary as a result thereof is greater than the Threshold Amount; provided, that, this Section 9.01(e) shall not apply to

Indebtedness secured by a Permitted Lien that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness in a sale or transfer permitted under this Agreement, so long as such Indebtedness is repaid when required under the documents providing for such Indebtedness; or

(f) Insolvency Proceedings, Etc. The Borrower or any Subsidiary (other than an Immaterial Foreign Subsidiary) institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) The Borrower or any Subsidiary (other than an Immaterial Foreign Subsidiary) becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty days after its issue or levy; or

(h) Judgments. There is entered against the Borrower or any Subsidiary (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has been notified of the claim and does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of one or more Loan Parties under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) one or more Loan Parties or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents. Any provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect or ceases to give the Administrative Agent any material part of the Liens purported to be created thereby; or any Loan Party or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any provision of any Loan Document, or purports to revoke, terminate or rescind any Loan Document; or

(k) Change of Control. There occurs any Change of Control; or

(l) Invalidity of Subordination Provisions. The subordination provisions of the documents evidencing or governing any Subordinated Indebtedness shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of the applicable Subordinated Indebtedness.

9.02 Remedies Upon Event of Default.

If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

- (a) declare the commitment of each Lender to make Loans and any obligation of an L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;
- (b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;
- (c) require that the Borrower Cash Collateralize the L/C Obligations (in an amount equal to the Minimum Collateral Amount with respect thereto); and
- (d) exercise on behalf of itself, the Lenders and the L/C Issuers all rights and remedies available to it, the Lenders and the L/C Issuers under the Loan Documents or applicable Law or at equity;

provided, that, upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of an L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

9.03 Application of Funds.

After the exercise of remedies provided for in Section 9.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 9.02), any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.14 and 2.15, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees and Obligations owing under any Secured Hedge Agreement and Secured Cash Management Agreement) payable to the Lenders and the L/C Issuers (including fees, charges and disbursements of counsel to the respective Lenders and the L/C Issuers and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans and L/C Borrowings, ratably among the Lenders and the L/C Issuers in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to (a) payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings, (b) payment of Obligations then owing under any Secured Hedge Agreements, (c) payment of Obligations then owing under any Secured Cash Management Agreements and (d) Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit, ratably among the Lenders, the L/C Issuers, the Hedge Banks and the Cash Management Banks in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Subject to Sections 2.03(c) and 2.14, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

Excluded Swap Obligations with respect to any Guarantor shall not be paid with amounts received from such Guarantor or such Guarantor's assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth above in this Section.

Notwithstanding the foregoing, Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements shall be excluded from the application described above if the Administrative Agent has not received a Secured Party Designation Notice, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank (other than the Administrative Agent or an Affiliate of the Administrative Agent) or Hedge Bank (other than the Administrative Agent or an Affiliate of the Administrative Agent), as the case may be. Each Cash Management Bank or Hedge Bank not a party to this Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article X for itself and its Affiliates as if a "Lender" party hereto.

ARTICLE X.

ADMINISTRATIVE AGENT

10.01 Appointment and Authority.

Each of the Lenders and the L/C Issuers hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuers, and no Loan Party shall have rights as a third party beneficiary of

any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Document (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

The Administrative Agent shall also act as the “collateral agent” under the Loan Documents, and each of the Lenders (in its capacities as a Lender, Swing Line Lender (if applicable), potential Hedge Bank and potential Cash Management Bank) and each of the L/C Issuers hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and such L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as “collateral agent” and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 10.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article X and Article XI (including Section 11.04(c)), as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Loan Documents) as if set forth in full herein with respect thereto.

Each of the Lenders (in its capacities as a Lender, Swing Line Lender (if applicable), potential Hedge Bank and potential Cash Management Bank) and each of the L/C Issuers authorizes the Administrative Agent to enter into any Intercreditor Agreement or any subordination agreement required pursuant to the terms of this Agreement.

10.02 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person 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 business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders or to provide notice to or consent of the Lenders with respect thereto.

10.03 Exculpatory Provisions.

Neither the Administrative Agent nor any Arranger shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, none of the Administrative Agent, any Arranger or any of their respective Related Parties: (a) shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing; (b) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided, that, the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in

violation of any Debtor Relief Law; (c) except as expressly set forth herein and in the other Loan Documents, shall have any duty or responsibility to disclose to any Lender or any L/C Issuer any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Loan Parties or any of their respective Affiliates that is communicated to, obtained or in the possession of, the Administrative Agent, such Arranger or any of their respective Related Parties in any capacity; (d) shall be liable for any action taken or not taken by it under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby (i) with the consent 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 shall be necessary, under the circumstances as provided in Sections 11.01 and 9.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment (it being understood and agreed that the Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by a Loan Party, a Lender or an L/C Issuer); and (e) shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or sufficiency of any Collateral or (vi) the satisfaction of any condition set forth in Article V or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.04 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall be fully protected in relying, and shall not incur any liability for relying upon, any notice, request, communication, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall be fully protected in relying and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or such L/C Issuer prior to the making of such Loan or the issuance, extension, renewal or increase of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Loan Parties), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

10.05 Delegation of Duties.

The Administrative Agent may perform any and all 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 and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article 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 in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The

Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents 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-agents.

10.06 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuers and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders and the L/C Issuers, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the L/C Issuers under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each L/C Issuer directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Administrative Agent (other than as provided in Section 3.01(g)) and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such

retiring or removed 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 (A) while the retiring or removed Administrative Agent was acting as Administrative Agent and (B) after such resignation or removal for as long as any of them continues to act in any capacity hereunder or under the other Loan Documents, including (1) acting as collateral agent or otherwise holding any collateral security on behalf of any of the Lenders and (2) in respect of any actions taken in connection with transferring the agency to any successor Administrative Agent.

(d) Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as an L/C Issuer and the Swing Line Lender. If Bank of America resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of an L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as an L/C Issuer and all L/C Obligations with respect thereto, including the right to require the Lenders with Revolving Commitments to make Revolving Loans that are Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c). If Bank of America resigns as the Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders with Revolving Commitments to make Revolving Loans that are Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c). Upon the appointment by the Borrower of a successor L/C Issuer or Swing Line Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender) and the acceptance of such appointment by the applicable Lender, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as applicable, (ii) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents and (iii) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

10.07 Non-Reliance on Administrative Agent, Arrangers and Other Lenders.

Each Lender and each L/C Issuer acknowledges that neither the Administrative Agent nor any Arranger has made any representation or warranty to it, and that no act by the Administrative Agent or any Arranger hereafter taken, including any consent to, and acceptance of any assignment or review of the affairs of any Loan Party of any Affiliate thereof, shall be deemed to constitute any representation or warranty by the Administrative Agent or such Arranger to any Lender or any L/C Issuer as to any matter, including whether the Administrative Agent or such Arranger have disclosed material information in their (or their Related Parties') possession. Each Lender and each L/C Issuer represents to the Administrative Agent and each Arranger that it has, independently and without reliance upon the Administrative Agent, such Arranger, any other Lender or any of their respective Related Parties, and based on such documents and information as it has deemed appropriate, made its own credit analysis of, appraisal of, and investigation into, the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender and each L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arranger, any other Lender or any of their respective Related Parties, and based on such documents and information as it shall from time to time deem appropriate, continue to make its own credit analysis, appraisals and 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, and to make such investigations as it deems necessary to inform itself

as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries. Each Lender and each L/C Issuer represents and warrants that (a) the Loan Documents set forth the terms of a commercial lending facility and (b) it is engaged in making, acquiring or holding commercial loans in the ordinary course and is entering into this Agreement as a Lender or an L/C Issuer for the purpose of making, acquiring or holding commercial loans and providing other facilities set forth herein as may be applicable to such Lender or such L/C Issuer, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument, and each Lender and each L/C Issuer agrees not to assert a claim in contravention of the foregoing. Each Lender and each L/C Issuer represents and warrants that 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 L/C Issuer, 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.

10.08 No Other Duties; Etc.

Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers, syndication agents, documentation agents or other co-agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an L/C Issuer hereunder.

10.09 Administrative Agent May File Proofs of Claim; Credit Bidding.

In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise: (a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuers and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuers and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuers and the Administrative Agent under Sections 2.03(h), 2.03(i), 2.09 and 11.04) allowed in such judicial proceeding; and (b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each L/C Issuer 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 and the L/C Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or any L/C Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or any L/C Issuer in any such proceeding.

The holders of the Obligations hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including 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 of the United States, including under Sections 363, 1123 or 1129 of the Bankruptcy Code of the United States, or any similar Laws in any other jurisdictions to which a Loan Party is subject, (b) at any other sale or 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 holders thereof shall be entitled to be, and shall be, credit bid 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 would 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) in the asset or assets so purchased (or in the Equity Interests or debt instruments of the acquisition vehicle or vehicles that are used to consummate such purchase). In connection with any such bid, (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles to make a bid, (ii) 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 the vote of the Required Lenders, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 11.01(a)), (iii) the Administrative Agent shall be authorized to assign the relevant Obligations to any such acquisition vehicle pro rata by the Lenders, as a result of which each of the Lenders shall be deemed to have received a pro rata portion of any Equity Interests and/or debt instruments issued by such an acquisition vehicle on account of the assignment of the Obligations to be credit bid, all without the need for any holder of the Obligations or acquisition vehicle to take any further action and (iv) 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 debt credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Lenders pro rata and the Equity Interests and/or debt instruments issued by any acquisition vehicle on account of the Obligations that had been assigned to the acquisition vehicle shall automatically be cancelled, without the need for any holder of the Obligations or any acquisition vehicle to take any further action.

10.10 Collateral and Guaranty Matters.

Without limiting the provisions of Section 10.09, each of the Lenders (including in its capacities as a potential Cash Management Bank and a potential Hedge Bank) and each of the L/C Issuers irrevocably authorize the Administrative Agent, at its option and in its discretion:

- (a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon the Facility Termination Date, (ii) that is sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document or any Recovery Event or (iii) as approved in accordance with Section 11.01;
- (b) 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 8.01(i);
- (c) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents; and

(d) at any time a Permitted Securitization Transaction is outstanding, to release any Lien granted to or held by the Administrative Agent under any Loan Document on (i) any Securitization Related Property that is subject to such Permitted Securitization Transaction and (ii) the Equity Interests of any Special Purpose Subsidiary created in connection with such Permitted Securitization Transaction.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty, pursuant to this Section 10.10.

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 for any failure to monitor or maintain any portion of the Collateral.

10.11 Secured Cash Management Agreements and Secured Hedge Agreements.

No Cash Management Bank or Hedge Bank that obtains the benefit of Section 9.03, the Guaranty or any Collateral by virtue of the provisions hereof or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) (or to notice of or to consent to any amendment, waiver or modification of the provisions hereof or of the Guaranty or any Collateral Document) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article X to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements except to the extent expressly provided herein and unless the Administrative Agent has received a Secured Party Designation Notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be; provided, that, notwithstanding the foregoing, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements in the case of the Facility Termination Date.

ARTICLE XI.

MISCELLANEOUS

11.01 Amendments, Etc.

Subject to Section 3.07, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the applicable Loan Party, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that:

- (a) no such amendment, waiver or consent shall:

- (i) extend or increase any Commitment of any Lender (or reinstate any Commitment terminated pursuant to [Section 9.02](#)) without the written consent of such Lender (it being understood and agreed that a waiver of any condition precedent set forth in [Section 5.03](#) or of any Default or a mandatory reduction in Commitments is not considered an extension or increase in any Commitment of any Lender);
- (ii) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled reduction, if any, of the Commitments hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such payment or whose Commitments are to be reduced;
- (iii) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to [clause \(i\)](#) of the final proviso to this [Section 11.01](#)) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such amount; provided, that, only the consent of the Required Lenders shall be necessary (A) to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest or Letter of Credit Fees at the Default Rate or (B) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Borrowing or to reduce any fee payable hereunder;
- (iv) change [Section 2.12\(f\)](#), [Section 2.13](#) or [Section 9.03](#) in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly affected thereby;
- (v) change any provision of this [Section 11.01\(a\)](#) or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender directly affected thereby;
- (vi) release all or substantially all of the Collateral without the written consent of each Lender whose Obligations are secured by such Collateral;
- (vii) release the Borrower without the consent of each Lender, or, except in connection with a transaction permitted under [Section 8.04](#) or [Section 8.05](#), all or substantially all of the value of the Guaranty without the written consent of each Lender whose Obligations are guaranteed thereby, except to the extent such release is permitted pursuant to [Section 10.10\(c\)](#) (in which case such release may be made by the Administrative Agent acting alone); or
- (viii) waive any condition set forth in [Section 5.02](#) without the written consent of each Lender;
- (b) prior to the termination of the Aggregate Revolving Commitments, unless also signed by Lenders (other than Defaulting Lenders) holding a majority of the Revolving Credit Exposure, no such amendment, waiver or consent shall (i) waive any Default for purposes of [Section 5.03\(b\)](#), (ii) amend, change, waive, discharge or terminate [Section 5.03](#) or [9.01](#) in a manner adverse to such Lenders or (iii) amend, change, waive, discharge or terminate [Section 8.11](#) (or any defined term used therein) or this [Section 11.01\(b\)](#);

(c) no amendment, waiver or consent shall affect the rights or duties of any L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it without the consent of such L/C Issuer;

(d) unless also signed by the Swing Line Lender, no amendment, waiver or consent shall affect the rights or duties of the Swing Line Lender under this Agreement; and

(e) unless also signed by the Administrative Agent, no amendment, waiver or consent shall affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document;

provided, that, notwithstanding anything in this Agreement or any other Loan Document to the contrary herein, (i) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto, (ii) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (A) the Commitments of such Defaulting Lender may not be increased or extended without the consent of such Lender and (B) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects such Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender, (iii) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code of the United States supersedes the unanimous consent provisions set forth herein, (iv) the Required Lenders shall determine whether or not to allow a Loan Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders, (v) this Agreement may be amended with the written consent of the Required Lenders, the Administrative Agent and the Loan Parties (A) to add one or more additional revolving credit or term loan facilities to this Agreement and to permit the extensions of credit and all related obligations and liabilities arising in connection therewith from time to time outstanding to share ratably (or on a basis subordinated to the existing facilities hereunder) in the benefits of this Agreement and the other Loan Documents with the obligations and liabilities from time to time outstanding in respect of the existing facilities hereunder, and (B) in connection with the foregoing, to permit, as deemed appropriate by the Administrative Agent and approved by the Required Lenders, the Lenders providing such additional credit facilities to participate in any required vote or action required to be approved by the Required Lenders or by any other number, percentage or class of Lenders hereunder, (vi) the Administrative Agent and the Borrower may amend, modify or supplement this Agreement or any other Loan Document to cure or correct administrative errors or omissions, any ambiguity, omission, defect or inconsistency or to effect administrative changes, and such amendment shall become effective without any further consent of any other party to such Loan Document so long as (A) such amendment, modification or supplement does not adversely affect the rights of any Lender or other holder of Obligations in any material respect and (B) the Lenders shall have received at least five Business Days' prior written notice thereof and the Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment, (vii) the L/C Commitment of any L/C Issuer may be modified pursuant to any agreement solely among such L/C Issuer, the Borrower, and the Administrative Agent and (viii) the Borrower and the Administrative Agent may enter into any Incremental Amendment in accordance with Section 2.16 and such Incremental Amendments shall be effective to amend the terms of this Agreement and the other applicable Loan Documents, in each case, without any further action or consent of any other party to any Loan Document.

11.02 Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 11.02(b)), 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 facsimile or e-mail as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Loan Party, the Administrative Agent, Bank of America, in its capacity as an L/C Issuer, or the Swing Line Lender, to the address, facsimile number, e-mail address or telephone number specified for such Person on Schedule 11.02; and

(ii) if to any other Lender (including in such Lender's capacity as an L/C Issuer), to the address, facsimile number, e-mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile or e-mail transmission shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in Section 11.02(b), shall be effective as provided in such Section 11.02(b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuers hereunder may be delivered or furnished by electronic communication (including e-mail address, FpML messaging and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided, that, the foregoing shall not apply to notices to any Lender or any L/C Issuer pursuant to Article II if such Lender or such L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Swing Line Lender, any L/C Issuer or the Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, that, approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE

ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. 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 ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall any of the Administrative Agent or any of its Related Parties (each an "Agent Party") have any liability to any Loan Party, any Lender, any L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Loan Party's or the Administrative Agent's transmission of Borrower Materials or any other Information through the Internet or any telecommunications, electronic or other information transmission systems except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party.

(d) Change of Address, Etc. Each Loan Party, the Administrative Agent, any L/C Issuer and the Swing Line Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number or e-mail address for notices and other communications hereunder by notice to each Loan Party, the Administrative Agent, any L/C Issuer and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and e-mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States federal or state securities Laws.

(e) Reliance by Administrative Agent, L/C Issuer and Lenders. The Administrative Agent, the L/C Issuers and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic notices, Loan Notices, Letter of Credit Applications, Notice of Loan Prepayment and Swing Line Loan Notices) purportedly given by or on behalf of any Loan Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Loan Parties shall indemnify the Administrative Agent, each L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of a Loan Party. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.03 No Waiver; Cumulative Remedies; Enforcement.

No failure by any Lender, any L/C Issuer or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan

Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document (including the imposition of the Default Rate) preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Loan Document are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at Law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 9.02 for the benefit of all the Lenders and the L/C Issuers; provided, that, the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any L/C Issuer or the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as an L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; provided, further, that, if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 9.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

11.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Loan Parties shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable and documented fees, charges and disbursements of one primary outside counsel for the Administrative Agent) in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by any L/C Issuer 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, any Lender or any L/C Issuer (including the reasonable and documented fees, charges, disbursements and other charges of (A) one primary outside counsel and one additional local counsel in each relevant jurisdiction for the Administrative Agent, (B) one additional primary counsel, and one additional counsel in each relevant jurisdiction, for all other Indemnitees (taken as a whole) and (C) solely in the case of an actual or potential conflict of interest, as determined by the affected Indemnitees, one additional counsel in each relevant jurisdiction to the affected Indemnitees (similarly situated taken as a whole)), in connection with the enforcement or protection of its rights (1) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (2) 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.

(b) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and each L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee (which, in the case of counsel, shall be limited to the reasonable and documented fees, disbursements and other charges of (i) one primary counsel and one additional local counsel in each relevant jurisdiction for the Administrative Agent, (ii) one additional primary counsel, and one additional counsel in each applicable jurisdiction, for all other Indemnitees (taken as a whole) and (iii) solely in the case of an actual or potential conflict of interest, as determined by the affected Indemnitees, one additional counsel in each relevant jurisdiction to the affected Indemnitees (similarly situated taken as a whole)) incurred by any Indemnitee or asserted against any Indemnitee by any Person (including any Loan Party) arising out of, in connection with, or as a result of (A) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (B) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by an L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (C) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any Subsidiary, or any Environmental Liability related in any way to the Borrower or any Subsidiary, or (D) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Loan Party, and regardless of whether any Indemnitee is a party thereto; provided, that, such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by any Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) arise solely from claims of any Indemnitee against one or more other Indemnitees that do not involve or have not resulted from (1) an act or omission of an Indemnitee in its capacity as Administrative Agent, Lender, L/C Issuer, or Arranger and (2) an act or omission (or an alleged act or omission) by any Loan Party or any Subsidiary. Without limiting the provisions of Section 3.01(c), this Section 11.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Loan Parties for any reason fail to indefeasibly pay any amount required under Section 11.04(a) or (b) to be paid by them to the Administrative Agent (or any sub-agent thereof), any L/C Issuer, the Swing Line Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), each L/C Issuer, the Swing Line Lender or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposures of all Lenders at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), such payment to be made severally among them based on such Lenders' Applicable Percentage (determined as of the time that the applicable

unreimbursed expense or indemnity payment is sought); provided, that, the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), any L/C Issuer or the Swing Line Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), any L/C Issuer or the Swing Line Lender in connection with such capacity. The obligations of the Lenders under this Section 11.04(c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, no Loan Party shall assert, and each Loan Party hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, 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 or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section 11.04 shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section 11.04 and the indemnity provisions of Section 11.02(e) shall survive the resignation of the Administrative Agent, any L/C Issuer and the Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Revolving Commitments, the termination of the Term A Loan Commitments, the termination of the Loan Documents and the Facility Termination Date.

11.05 Payments Set Aside.

To the extent that any payment by or on behalf of any Loan Party is made to the Administrative Agent, any L/C Issuer or any Lender, or the Administrative Agent, any L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, such L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and each L/C Issuer severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuers under clause (b) of the preceding sentence shall survive the Facility Termination Date and the termination of this Agreement.

11.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder or thereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 11.06(b), (ii) by way of participation in accordance with the provisions of Section 11.06(d) or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 11.06(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 11.06(d) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuers and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitments and the Loans (including for purposes of this Section 11.06(b)), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided, that, any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) In the case of an assignment of the entire remaining amount of the assigning Lender's Commitment under any facility and/or the Loans at the time owing to it (in each case, with respect to any facility), or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in Section 11.06(b)(i)(B) in the aggregate, or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned.

(B) In any case not described in Section 11.06(b)(i)(A), the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the 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 or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000, in the case of any assignment in respect of a Revolving Commitment (and the related Revolving Loans thereunder) and \$1,000,000 in the case of any assignment in respect of any Term Loan, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's Loans and Commitments, and rights and obligations with respect thereto assigned, except that this Section 11.06(b)(i) shall not (A) apply to the Swing Line Lender's rights and obligations in respect of Swing Line Loans or (B) prohibit any Lender from assigning all or a portion of its rights and obligations in respect of its Revolving Commitment (and the related Revolving Loans thereunder) and its outstanding Term Loans on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by Section 11.06(b)(i)(B) and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided, that, the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of (1) any unfunded Commitment if such assignment is to a Person that is not a Lender with a Commitment in respect of the applicable credit facility subject to such assignment, an Affiliate of such Lender or an Approved Fund with respect to such Lender or (2) any Term Loan to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the consent of the L/C Issuers and the Swing Line Lender shall be required for any assignment in respect of Revolving Commitments and/or Revolving Loans.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, that, the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to the Borrower or any of the Borrower's Affiliates or Subsidiaries, (B) to any Defaulting Lender or any of its Affiliates or Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this Section 11.06(b)(v)(B), (C) to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated by or for the primary benefit of one or more natural Persons) or (D) any holder of Subordinated Indebtedness or such holder's Affiliates or Subsidiaries.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed

by such Defaulting Lender to the Administrative Agent, any L/C Issuer or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 11.06(c), from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement 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 3.01, 3.04, 3.05 and 11.04 with respect to facts and circumstances occurring prior to the effective date of such assignment); provided, that, except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 11.06(d).

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person (or a holding company, investment vehicle or trust for, or owned and operated by or for the primary benefit of one or more natural Persons), a Defaulting Lender, the Borrower or any of the Borrower's Affiliates or Subsidiaries or any holder of Subordinated Indebtedness or such holder's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment(s) and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided, that, (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the L/C Issuers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.04(c), without regard to the existence of any participation.

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, waiver or other modification described in Section 11.01(a) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.06(b) (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.06(b); provided, that, such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 11.13 as if it were an assignee under Section 11.06(b) and (B) shall not be entitled to receive any greater payment under Section 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; provided, that, such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided, that, no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority; provided, that, no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Revolving Commitment and Revolving Loans pursuant to Section 11.06(b), Bank of America may, (i) upon thirty days' notice to the Borrower and the Lenders, resign as an L/C Issuer and/or (ii) upon thirty days' notice to the Borrower, resign as the Swing Line Lender. In the event of any such resignation as an L/C Issuer or the Swing Line Lender, the Borrower shall be entitled

to appoint from among the Lenders a successor L/C Issuer or Swing Line Lender hereunder; provided, that, no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as an L/C Issuer or the Swing Line Lender, as the case may be. If Bank of America resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of an L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as an L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders with Revolving Commitments to make Revolving Loans that are Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to [Section 2.03\(c\)](#)). If Bank of America resigns as the Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders with Revolving Commitments to make Revolving Loans that are Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to [Section 2.04\(c\)](#). Upon the appointment and acceptance of a successor L/C Issuer and/or Swing Line Lender, (A) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (B) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

11.07 Treatment of Certain Information: Confidentiality.

(a) **Treatment of Confidential Information.** The Administrative Agent, each Lender and each L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to the Administrative Agent's, such Lender's and such L/C Issuer's respective Affiliates, auditors and Related Parties who need to know such Information (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information; provided, that, the Administrative Agent, such Lender or such L/C Issuer shall be responsible for its respective auditors' and Related Parties' compliance with this [Section 11.07](#) and, to the extent not prohibited by, or in violation of, applicable Laws, its Affiliates' compliance with this [Section 11.07](#)), (ii) upon the request or demand of any regulatory authority having jurisdiction over the Administrative Agent, such Lender, such L/C Issuer or any of their respective Related Parties (in which case the Administrative Agent, such Lender or such L/C Issuer, as applicable, agrees to inform the Borrower promptly thereof to the extent not prohibited by law, rule or regulation, and except with respect to any audit or examination conducted by bank accountants or any regulatory authority exercising supervisory, examination or regulation authority), (iii) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding, or otherwise as required by applicable law or compulsory legal process (in which case the Administrative Agent, such Lender or such L/C Issuer, as applicable, agrees to inform the Borrower promptly thereof to the extent not prohibited by law, rule or regulation), (iv) to any other party hereto, (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this [Section 11.07](#), to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or any Eligible Assignee invited to become a Lender pursuant to [Section 2.16](#) or (B) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (vii) on a confidential basis to (A) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facilities provided hereunder or (B) the CUSIP Service Bureau or any similar agency in connection with the

application, issuance, publishing and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (viii) with the consent of the Borrower, (ix) to the extent such Information (A) becomes publicly available other than by reason of disclosure in violation of this Section 11.07 by the Administrative Agent, any Lender or any L/C Issuer or (B) becomes available to the Administrative Agent, any Lender, any L/C Issuer or any of their respective Affiliates from a third party that is not to the Administrative Agent, such Lender or such L/C Issuer's knowledge subject to confidentiality obligations to the Borrower, (x) for purposes of establishing a "due diligence" defense in any suit, action or proceeding relating to this Agreement, any other Loan Document or the transactions contemplated hereby or thereby or the enforcement of rights hereunder or thereunder or (xi) to the extent such Information is independently discovered or developed by the Administrative Agent, any Lender, or any L/C Issuer without utilizing any Information received from the Borrower or violating the terms of this Section 11.07. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agents and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments; provided, that, such information is limited to the existence of the Agreement and information of a type routinely provided to such persons, including information regarding the closing date, size, type, purpose of, and parties to, the Agreement.

For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or any L/C Issuer on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary; provided, that, in the case of information received from the Borrower or any Subsidiary after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 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.

(b) Non-Public Information. Each of the Administrative Agent, the Lenders and the L/C Issuers acknowledges that (i) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (ii) it has developed compliance procedures regarding the use of material non-public information and (iii) it will handle such material non-public information in accordance with applicable Law, including United States federal and state securities Laws.

11.08 Right of Setoff.

If an Event of Default shall have occurred and be continuing, each Lender, each L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Administrative Agent, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, such L/C Issuer or any such Affiliate to or for the credit or the account of any Loan Party against any and all of the obligations of such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or such L/C Issuer or their respective Affiliates, irrespective of whether or not such Lender, such L/C Issuer or such Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Loan Party may be contingent or unmaturing or are owed to a branch, office or Affiliate of such Lender or such L/C Issuer 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 2.15 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 L/C Issuers and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, each L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such L/C Issuer or their respective Affiliates may have. Each Lender and each L/C Issuer agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided, that, the failure to give such notice shall not affect the validity of such setoff and application.

11.09 Interest Rate Limitation.

Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

11.10 Counterparts; Integration; Effectiveness.

This Agreement and each of the other Loan Documents may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent or the L/C Issuers, 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 5.01, 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 that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement or any other Loan Document, or any certificate delivered thereunder, by fax transmission or e-mail transmission (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement or such other Loan Document or certificate. Without limiting the foregoing, to the extent a manually executed counterpart is not specifically required to be delivered under the terms of any Loan Document, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

11.11 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent

or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

11.12 Severability.

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 11.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, an L/C Issuer or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

11.13 Replacement of Lenders.

If the Borrower is entitled to replace a Lender pursuant to the provisions of Section 3.06, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided, that:

- (a) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.06(b);
- (b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances that, in the case of a Defaulting Lender, such Defaulting Lender actually funded, accrued interest thereon, and accrued fees and all other amounts payable to it hereunder (other than such amounts not required to be paid hereunder to a Defaulting Lender) and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);
- (c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;
- (d) such assignment does not conflict with applicable Laws; and
- (e) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Each party hereto agrees that (a) an assignment required pursuant to this Section 11.13 may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee and (b) 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 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 Lender; provided, further, that, any such documents shall be without recourse to or warranty by the parties thereto.

Notwithstanding anything in this Section 11.13 to the contrary, (a) any Lender that acts as an L/C Issuer may not be replaced hereunder at any time it has any Letter of Credit outstanding hereunder unless arrangements satisfactory to such Lender (including the furnishing of a backstop standby letter of credit in form and substance, and issued by an issuer, reasonably satisfactory to such L/C Issuer or the depositing of Cash Collateral into a Cash Collateral account in amounts and pursuant to arrangements reasonably satisfactory to such L/C Issuer) have been made with respect to such outstanding Letter of Credit and (b) the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 9.06.

11.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER, THE L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE

CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN SECTION 11.14(b). EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

11.15 Waiver of Jury Trial.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

11.16 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each of the Loan Parties acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a)(i) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arrangers and the Lenders are arm's-length commercial transactions between the Loan Parties and their respective Affiliates, on the one hand, and the Administrative Agent, the Arrangers, and the Lenders, on the other hand, (ii) each of the Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) each of the Loan Parties is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b)(i) the Administrative Agent, each Arranger and each Lender is and has been

acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Loan Parties or any of their respective Affiliates, or any other Person and (ii) none of the Administrative Agent, any Arranger or any Lender has any obligation to the Loan Parties or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Administrative Agent, the Arrangers, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their respective Affiliates, and none of the Administrative Agent, any Arranger or any Lender has any obligation to disclose any of such interests to the Loan Parties and their respective Affiliates. To the fullest extent permitted by Law, each of the Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent, any Arranger or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

11.17 Electronic Execution.

This Agreement, any other Loan Document and any other document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Agreement or any other Loan Document (each, a "Communication"), including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. Each of the Loan Parties agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on such Loan Party to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature will constitute the legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this Section 11.17 may include use or acceptance by the Administrative Agent and each of the Lenders of a manually signed paper Communication which has been converted into electronic form (such as scanned into .pdf), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Administrative Agent and each of the Lenders may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record (each, an "Electronic Copy"), which shall be deemed created in the ordinary course of the such Person's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided, that, without limiting the foregoing, (a) to the extent the Administrative Agent has agreed to accept such Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Loan Party without further verification and (b) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by such manually executed counterpart.

11.18 Subordination of Intercompany Indebtedness.

Each Loan Party (a "Subordinating Loan Party") agrees that the payment of all obligations and indebtedness, whether principal, interest, fees and other amounts and whether now owing or hereafter arising, owing to such Subordinating Loan Party by any other Loan Party is expressly subordinated to the payment in full in cash of the Obligations. If the Administrative Agent so requests after the occurrence of any Event of Default and during the continuation thereof, any such obligation or indebtedness shall be enforced and performance received by the Subordinating Loan Party as trustee for the holders of the

Obligations and the proceeds thereof shall be paid over to the holders of the Obligations on account of the Obligations, but without reducing or affecting in any manner the liability of the Subordinating Loan Party under this Agreement or any other Loan Document. Without limitation of the foregoing, so long as no Event of Default has occurred and is continuing, the Loan Parties may make and receive payments with respect to any such obligations and indebtedness; provided, that, in the event that any Loan Party receives any payment of any such obligations and indebtedness at a time when such payment is prohibited by this Section, such payment shall be held by such Loan Party, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, to the Administrative Agent.

11.19 USA PATRIOT Act Notice.

Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Loan Parties in accordance with the USA PATRIOT Act.

11.20 California Judicial Reference.

If any action or proceeding is filed in a court of the State of California by or against any party hereto in connection with any of the transactions contemplated by this Agreement or any other Loan Document, (a) the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee (who shall be a single active or retired judge) to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision, provided that at the option of any party to such proceeding, any such issues pertaining to a "provisional remedy" as defined in California Code of Civil Procedure Section 1281.8 shall be heard and determined by the court, and (b) without limiting the generality of Section 11.04, the Borrower shall be solely responsible to pay all fees and expenses of any referee appointed in such action or proceeding.

11.21 Appointment of Borrower.

Each of the Loan Parties hereby appoints the Borrower to act as its agent for all purposes of this Agreement, the other Loan Documents and all other documents and electronic platforms entered into in connection herewith and agrees that (a) the Borrower may execute such documents and provide such authorizations on behalf of such Loan Parties as the Borrower deems appropriate in its sole discretion and each Loan Party shall be obligated by all of the terms of any such document and/or authorization executed on its behalf, (b) any notice or communication delivered by the Administrative Agent, an L/C Issuer or a Lender to the Borrower shall be deemed delivered to each Loan Party and (c) the Administrative Agent, the L/C Issuers or the Lenders may accept, and be permitted to rely on, any document, authorization, instrument or agreement executed by the Borrower on behalf of each of the Loan Parties.

11.22 Acknowledgement and Consent to Bail-In of Affected Financial Institutions.

Solely to the extent any Lender or any L/C Issuer that is an Affected Financial Institution is a party to this Agreement and 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 Lender or any L/C Issuer that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or L/C Issuer that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) 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

(iii) 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.

11.23 Certain ERISA Matters.

(a) 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 not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true: (i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement; (ii) 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; (iii)(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 (iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (i) clause (i) in the immediately preceding Section 11.23(a) is true with respect to a Lender or (ii) a Lender has provided another representation, warranty and covenant in accordance with clause (iv) in the immediately preceding Section 11.23(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 not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any other Loan Document or any documents related hereto or thereto).

11.24 Intercreditor Agreement.

In the event of any conflict between this Agreement and any other Loan Document, on the one hand, and any Intercreditor Agreement, on the other hand, such Intercreditor Agreement shall govern and control.

11.25 Acknowledgement Regarding Any Supported QFCs.

To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract 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 that, 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), 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.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER:

CONCENTRIX CORPORATION,
a Delaware corporation

By: /s/ Steven Linley Richie
Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President,
HR and Legal

GUARANTORS:

CONCENTRIX SOLUTIONS CORPORATION,
a New York corporation

By: /s/ Steven Linley Richie
Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

CONCENTRIX CVG CORPORATION,
a Delaware corporation

By: /s/ Steven Linley Richie
Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

CONCENTRIX CVG CUSTOMER MANAGEMENT
GROUP INC.,
an Ohio corporation

By: /s/ Steven Linley Richie
Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

CONVERGYS CUSTOMER MANAGEMENT
INTERNATIONAL INC.,
an Ohio corporation

By: /s/ Steven Linley Richie
Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

CONVERGYS CUSTOMER MANAGEMENT GROUP
CANADA HOLDING INC.,
a Delaware corporation

By: /s/ Steven Linley Richie

Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

CONCENTRIX CVG CUSTOMER MANAGEMENT
DELAWARE LLC,
a Delaware limited liability company

By: /s/ Steven Linley Richie

Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

CONCENTRIX CVG DELAWARE INTERNATIONAL
INC.,
a Delaware corporation

By: /s/ Steven Linley Richie

Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

CONCENTRIX SERVICES US, INC.,
a Delaware corporation

By: /s/ Steven Linley Richie

Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

CONCENTRIX INSURANCE ADMINISTRATION
SOLUTIONS CORPORATION,
a South Carolina corporation

By: /s/ Steven Linley Richie

Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

STREAM HOLDINGS CORPORATION,
a Delaware corporation

By: /s/ Steven Linley Richie

Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

SGS HOLDINGS, INC.,
a Delaware corporation

By: /s/ Steven Linley Richie
Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

STREAM GLOBAL SERVICES, INC.,
a Delaware corporation

By: /s/ Steven Linley Richie
Name: Steven Linley Richie
Title: Corporate Secretary, Executive Vice President, HR
and Legal

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Linda Mackey

Name: Linda Mackey

Title: Vice President

LENDERS:

BANK OF AMERICA, N.A.,
as a Lender, an L/C Issuer and the Swing Line Lender

By: /s/ Molly Daniello

Name: Molly Daniello

Title: Director

CITIBANK, N.A.,
as a Lender

By: /s/ Javier Escobar

Name: Javier Escobar

Title: Director & Vice President

MUFG BANK, LTD.,
as a Lender

By: /s/ Matthew Antioco

Name: Matthew Antioco

Title: Director

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Derek Jones

Name: Derek Jones

Title: Vice President

THE BANK OF NOVA SCOTIA,
as a Lender

By: /s/ Khrystyna Manko

Name: Khrystyna Manko

Title: Director

TRUIST BANK,
as a Lender

By: /s/ Matthew J. Davis

Name: Matthew J. Davis

Title: Senior Vice President

SUMITOMO MITSUI BANKING CORPORATION,
as a Lender

By: /s/ Kazutaka Takeuchi

Name: Kazutaka Takeuchi

Title: Executive Director

THE TORONTO-DOMINION BANK, NEW YORK
BRANCH,
as a Lender

By: /s/ Brian MacFarlane

Name: Brian MacFarlane

Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Richard J. Ameny, Jr.

Name: Richard J. Ameny, Jr.

Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Harjot Sandhu

Name: Harjot Sandhu

Title: Senior Vice President

BNP PARIBAS,
as a Lender

By: /s/ George Ko

Name: George Ko

Title: Director

By: /s/ Guillaume Saban

Name: Guillaume Saban

Title: Director

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Aleem Shamji

Name: Aleem Shamji

Title: Director

FIFTH THIRD BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ James Beltz

Name: James Beltz

Title: Vice President

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Thomas A. Crandell

Name: Thomas A. Crandell

Title: Senior Vice President

STANDARD CHARTERED BANK,
as a Lender

By: /s/ Rodrigo Vega

Name: Rodrigo Vega

Title: MD, Leveraged and Structured Solutions

RECEIVABLES FINANCING AGREEMENT

Dated as of October 30, 2020

by and among

CONCENTRIX RECEIVABLES, INC.,
as Borrower,

THE PERSONS FROM TIME TO TIME PARTY HERETO,
as Lenders and Group Agents,

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

CONCENTRIX CORPORATION,
as initial Servicer

and

PNC CAPITAL MARKETS LLC,
as Structuring Agent

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This RECEIVABLES FINANCING AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of October 30, 2020 by and among the following parties:

- (i) CONCENTRIX RECEIVABLES, INC., a Delaware corporation, as Borrower (together with its successors and assigns, the "Borrower");
- (ii) the Persons from time to time party hereto as Lenders and Group Agents;
- (iii) PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Administrative Agent;
- (iv) CONCENTRIX CORPORATION, a Delaware corporation ("Sponsor"), as initial Servicer (in such capacity, together with its successors and assigns in such capacity, the "Servicer"); and
- (v) PNC CAPITAL MARKETS LLC, a Pennsylvania limited liability company, as Structuring Agent.

PRELIMINARY STATEMENTS

The Borrower has acquired, and will acquire from time to time, Receivables from the Originators (as defined herein) pursuant to the Receivables Purchase Agreement (as defined herein). The Borrower has requested that the Lenders make Loans from time to time to the Borrower, on the terms, and subject to the conditions set forth herein, secured by, among other things, the Receivables (as defined herein).

In consideration of the mutual agreements, provisions and covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account Control Agreement" means each agreement, in form and substance satisfactory to the Administrative Agent, among the Borrower, the Servicer (if applicable), the Administrative Agent and a Collection Account Bank, governing the terms of the related Collection Accounts, that (i) provides the Administrative Agent with control within the meaning of the UCC over the deposit accounts subject to such agreement and (ii) by its terms, may not be terminated or canceled by the related Collection Account Bank without the written consent of the Administrative Agent or upon no less than sixty (60) days prior written notice to the Administrative Agent (or such lesser

period of time as may be agreed to by the Administrative Agent under such Account Control Agreement in its sole discretion), as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Adjusted LIBOR” means with respect to any Tranche Period, the interest rate per annum determined by the applicable Group Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (i) the rate of interest determined by such Group Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the rate per annum for deposits in Dollars as reported by Bloomberg Finance L.P. and shown on US0001M Screen as the composite offered rate for London interbank deposits for such Tranche Period (or, if such rate is no longer available on such screen, on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by such Group Agent from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at or about 11:00 a.m. (London time) on the Business Day which is two (2) Business Days prior to the first day of such Tranche Period for an amount comparable to the Portion of Capital to be funded at Adjusted LIBOR during such Tranche Period, by (ii) a number equal to 1.00 minus the Euro-Rate Reserve Percentage; provided, however, that with respect to the initial Tranche Period for the Capital of a Loan made on a date that is not a Monthly Settlement Date, Adjusted LIBOR shall be the interest rate per annum equal to LMIR for each day during such initial Tranche Period from the date that such Loan is made pursuant to Section 2.01 until the next occurring Monthly Settlement Date. The calculation of Adjusted LIBOR may also be expressed by the following formula:

$$\text{Adjusted LIBOR} = \frac{\begin{array}{l} \text{Composite of London interbank offered rates shown on} \\ \text{Bloomberg Finance L.P. Screen US0001M} \\ \text{or appropriate successor} \end{array}}{1.00 - \text{Euro-Rate Reserve Percentage}}$$

Adjusted LIBOR shall be adjusted on the effective date of any change in the Euro-Rate Reserve Percentage as of such effective date. The applicable Group Agent shall give prompt notice to the Borrower of Adjusted LIBOR as determined or adjusted in accordance herewith (which determination shall be conclusive absent manifest error). Notwithstanding the foregoing, if Adjusted LIBOR as determined herein would be less than zero percent (0.00%), such rate shall be deemed to be zero percent (0.00%) for purposes of this Agreement.

“Adjusted Net Receivables Pool Balance” means (i) the Net Receivables Pool Balance *minus* (ii) the SRDA.

“Administrative Agent” means PNC, in its capacity as contractual representative for the Credit Parties, and any successor thereto in such capacity appointed pursuant to Article XI or Section 14.03(g).

“Administrative Agent’s Account” means, with respect to the Administrative Agent, the account(s) from time to time designated in writing by the Administrative Agent to the Borrower and the Servicer for purposes of receiving payments to or for the account of the Administrative Agent and/or each Group hereunder.

“Adverse Claim” means any ownership interest or claim, mortgage, deed of trust, pledge, lien, security interest, hypothecation, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including, but not limited to, any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security and any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing); it being understood that any of the foregoing in favor of, or assigned to, the Administrative Agent (for the benefit of the Secured Parties) shall not constitute an Adverse Claim.

“Advisors” has the meaning set forth in Section 14.06(c).

“Affected Person” means each Credit Party, each Program Support Provider, each Liquidity Agent and each of their respective Affiliates.

“Affiliate” means, as to any Person: (a) any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person, except that, in the case of each Conduit Lender, Affiliate shall mean the holder(s) of its Capital Stock or (b) who is a director or officer: (i) of such Person or (ii) of any Person described in clause (a). For purposes of this definition, control of a Person shall mean the power, direct or indirect: (x) to vote 20% or more of the securities having ordinary voting power for the election of directors or managers of such Person or (y) to direct or cause the direction of the management and policies of such Person, in either case whether by ownership of securities, contract, proxy or otherwise.

“Aggregate Capital” means, at any time of determination, the aggregate outstanding Capital of all Lenders at such time.

“Aggregate Interest” means, at any time of determination, the aggregate accrued and unpaid Interest on the Loans of all Lenders at such time.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Anti-Terrorism Laws” means the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and any other similar Applicable Law in other jurisdictions relating to terrorism financing, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Applicable Laws, all as amended, supplemented or replaced from time to time.

“Applicable Law” means, with respect to any Person, (x) all provisions of law, statute, treaty, constitution, ordinance, rule, regulation, requirement, restriction, permit, executive order, certificate, decision, directive or order of any Governmental Authority applicable to such Person

or any of its property and (y) all judgments, injunctions, orders, writs, decrees and awards of all courts and arbitrators in proceedings or actions in which such Person is a party to the extent applicable to such Person or by which any of its property is bound. For the avoidance of doubt, FATCA shall constitute an "Applicable Law" for all purposes of this Agreement.

"Approved Commercial Bank" means a commercial bank with a consolidated combined capital and surplus of at least \$5,000,000,000.

"Assignment and Acceptance Agreement" means an assignment and acceptance agreement entered into by a Committed Lender, an Eligible Assignee, such Committed Lender's Group Agent and the Administrative Agent, and, if required, the Borrower, pursuant to which such Eligible Assignee may become a party to this Agreement, in substantially the form of Exhibit B hereto.

"Assumption Agreement" has the meaning set forth in Section 14.03(i).

"Attorney Costs" means and includes all reasonable and documented fees, costs, expenses and disbursements of any law firm or other external counsel.

"Bank Rate" for any Portion of Capital funded by any Lender on any day, means an interest rate per annum equal to (a) the applicable Euro-Rate with respect to such Lender for such Interest Period (or portion thereof) (provided that for such purpose, if such Euro-Rate is being determined by reference to LMIR for such Lender, the Euro-Rate for such day shall be LMIR in effect on such day); or (b) if the Base Rate is applicable to such Lender pursuant to Section 5.04 or Section 5.07, the Base Rate for such Lender on such day.

"Bankruptcy Code" means the United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, *et seq.*), as amended from time to time.

"Base Rate" means, for any day and any Lender, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the greater of:

(a) the rate of interest in effect for such day as publicly announced from time to time by the applicable Group Agent or its Affiliate as its "reference rate" or "prime rate", as applicable. Such "reference rate" or "prime rate" is set by the applicable Group Agent or its Affiliate based upon various factors, including such Person's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate, and is not necessarily the lowest rate charged to any customer; and

(b) 0.50% per annum above the Overnight Bank Funding Rate in effect on such day.

"Beneficial Owner" means, for the Borrower, each of the following: (a) each individual, if any, who, directly or indirectly, owns 25% or more of the Borrower's Capital Stock; and (b) a single individual with significant responsibility to control, manage or direct the Borrower.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) 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”.

“Borrower” has the meaning specified in the preamble to this Agreement.

“Borrower Indemnified Amounts” has the meaning set forth in Section 13.01(a).

“Borrower Indemnified Party” has the meaning set forth in Section 13.01(a).

“Borrower Obligations” means all present and future indebtedness, reimbursement obligations, and other liabilities and obligations (howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or due or to become due) of the Borrower to any Credit Party, Borrower Indemnified Party and/or any Affected Person, arising under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, and shall include, without limitation, all Capital and Interest on the Loans, all Fees and all other amounts due or to become due under the Transaction Documents (whether in respect of fees, costs, expenses, indemnifications or otherwise), including, without limitation, interest, fees and other obligations that accrue after the commencement of any Insolvency Proceeding with respect to the Borrower (in each case whether or not allowed as a claim in such proceeding).

“Borrower’s Net Worth” means, at any time of determination, an amount equal to (i) the sum of (A) the Outstanding Balance of all Pool Receivables at such time *plus* (B) cash on deposit in the Collection Accounts, *minus* (ii) the sum of (A) the Aggregate Capital at such time, *plus* (B) the Aggregate Interest at such time, *plus* (C) the aggregate accrued and unpaid Fees at such time, *plus* (D) the aggregate outstanding principal balance of all Subordinated Notes at such time, *plus* (E) the aggregate accrued and unpaid interest on all Subordinated Notes at such time, *plus* (F) without duplication, the aggregate accrued and unpaid other Borrower Obligations at such time.

“Borrowing Base” means, at any time of determination, the amount equal to the lesser of (a) the Facility Limit and (b) (i) the Adjusted Net Receivables Pool Balance at such time, *minus* (ii) the Total Reserves at such time.

“Borrowing Base Deficit” means, at any time of determination, the amount, if any, by which the Aggregate Capital at such time, exceeds the Borrowing Base at such time.

“Breakage Fee” means (i) for any Interest Period for which Interest is computed by reference to the CP Rate, LMIR or Adjusted LIBOR and a reduction of Capital is made for any reason on any day other than the last day of the related Interest Period (or Tranche Period, if applicable) or (ii) to the extent that the Borrower shall for any reason, fail to borrow on the date specified by the Borrower in connection with any request for funding pursuant to Article II of this Agreement, the amount, if any, by which (A) the additional Interest (calculated without taking into

account any Breakage Fee or any shortened duration of such Interest Period (or Tranche Period, if applicable) (or, in the case of clause (i) above in which the Interest Rate is computed in reference to the CP Rate, until the maturity of the underlying Note pursuant to the definition thereof) which would have accrued during such Interest Period (or Tranche Period, if applicable) on the reductions of Capital relating to such Interest Period (or Tranche Period, if applicable) had such reductions not been made (or, in the case of clause (ii) above, on the amounts so failed to be borrowed or accepted in connection with any such request for funding by the Borrower), exceeds (B) the income, if any, received by the applicable Lender from the investment of the proceeds of such reductions of Capital (or such amounts failed to be borrowed by the Borrower). A certificate as to the amount of any Breakage Fee (including the computation of such amount) shall be submitted by the affected Lender (or the applicable Group Agent on its behalf) to the Borrower and shall be conclusive and binding for all purposes, absent manifest error.

“Business Day” means any day (other than a Saturday or Sunday) on which: (a) banks are not authorized or required to close in Pittsburgh, Pennsylvania or New York City, New York and (b) if this definition of “Business Day” is utilized in connection with LMIR or Adjusted LIBOR, dealings are carried out in the London interbank market.

“Capital” means, with respect to any Lender, the aggregate amounts paid to, or on behalf of, the Borrower in connection with all Loans made by such Lender pursuant to Article II, as reduced from time to time by Collections distributed and applied on account of such Capital pursuant to Section 4.01; *provided*, that if such Capital shall have been reduced by any distribution and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution as though it had not been made.

“Capital Stock” means, with respect to any Person, any and all common shares, preferred shares, interests, participations, rights in or other equivalents (however designated) of such Person’s capital stock, partnership interests, limited liability company interests, membership interests or other equivalent interests and any rights (other than debt securities convertible into or exchangeable for capital stock), warrants or options exchangeable for or convertible into such capital stock or other equity interests.

“Certificate of Beneficial Ownership” means, for the Borrower, a certificate in form and substance acceptable to the Administrative Agent (as amended or modified by the Administrative Agent from time to time in its sole discretion), certifying, among other things, the Beneficial Owner of the Borrower.

“Change in Control” means the occurrence of any of the following:

- (a) The Performance Guarantor ceases to own directly 100% of the issued and outstanding Capital Stock and all other equity interests of the Borrower free and clear of all Adverse Claims;

(b) The Performance Guarantor ceases to own, directly or indirectly, 100% of the issued and outstanding Capital Stock, membership interests or other equity interests of any Originator free and clear of all Adverse Claims;

(c) any Subordinated Note shall at any time cease to be owned by an Originator, free and clear of all Adverse Claims; or

(d) an event or series of events occurs by which any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all equity interests that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of voting equity interests of the Performance Guarantor representing forty percent (40%) or more of the combined voting power of all voting equity interests of the Performance Guarantor on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right).

“Change in Law” means the occurrence, after the Closing Date (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided that* notwithstanding anything herein to the contrary, (w) the final rule titled Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance: Regulatory Capital; Impact of Modifications to Generally Accepted Accounting Principles; Consolidation of Asset-Backed Commercial Paper Programs; and Other Related Issues, adopted by the United States bank regulatory agencies on December 15, 2009, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to the agreements reached by the Basel Committee on Banking Supervision in “Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems” (as amended, supplemented or otherwise modified or replaced from time to time), shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Closing Date” means October 30, 2020.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“Collateral” has the meaning set forth in Section 3.01(a).

“Collection Account” means each account listed on Schedule II to this Agreement (as such schedule may be modified from time to time in connection with the closing or opening of any Collection Account in accordance with the terms hereof) (in each case, in the name of the Borrower) and maintained at a bank or other financial institution acting as a Collection Account Bank pursuant to an Account Control Agreement for the purpose of receiving Collections.

“Collection Account Bank” means any of the banks or other financial institutions holding one or more Collection Accounts.

“Collections” means, with respect to any Pool Receivable: (a) all funds that are received by any Originator, the Borrower, the Servicer or any other Person on their behalf in payment of any amounts owed in respect of such Pool Receivable (including purchase price, service charges, finance charges, interest, fees and all other charges), or applied to amounts owed in respect of such Pool Receivable (including insurance payments, proceeds of drawings under supporting letters of credit and net proceeds of the sale or other disposition of repossessed goods or other collateral or property of the related Obligor or any other Person directly or indirectly liable for the payment of such Pool Receivable and available to be applied thereon), (b) all Deemed Collections, (c) all proceeds of all Related Security with respect to such Pool Receivable and (d) all other proceeds of such Pool Receivable.

“Commitment” means, with respect to any Committed Lender (including a Related Committed Lender), the maximum aggregate amount which such Person is obligated to lend or pay hereunder on account of all Loans, on a combined basis, as set forth on Schedule I or in the Assumption Agreement or other agreement pursuant to which it became a Lender, as such amount may be modified in connection with any subsequent assignment pursuant to Section 14.03 or in connection with a reduction in the Facility Limit pursuant to Section 2.02(e). If the context so requires, “Commitment” also refers to a Lender’s obligation to make Loans hereunder in accordance with this Agreement.

“Committed Lenders” means PNC and each other Person that is or becomes a party to this Agreement in the capacity of a “Committed Lender”.

“Concentration Percentage” means, at any time of determination, (a) except as provided in clause (b) below, (i) for any Group A Obligor, 20.0%, (ii) for any Group B Obligor, 15.0%, (iii) for any Group C Obligor, 10.0%, and (iv) for any Group D Obligor, 5.0%, and (b) for the Special Obligor, 7.5% (the “Special Concentration Limit”); *provided, however*, that the Administrative Agent may (or at the direction of any Lender shall), at any time upon not less than five (5) Business Days prior notice to the Borrower or upon the occurrence of a Special Obligor Slow Pay Condition, cancel or reduce the Special Concentration Limit with respect to the Special Obligor, in which case the Concentration Percentage for the Special Obligor shall be determined pursuant to clause (a) above. In the event that any other Obligor is or becomes an Affiliate of the Special Obligor, the Special Concentration Limit shall apply to both such Obligor and the Special Obligor and shall be calculated as if such Obligor and the Special Obligor were a single Obligor.

“Concentration Reserve Percentage” means, at any time of determination, the largest of: (a) the sum of the four (4) largest Obligor Percentages of the Group D Obligors, (b) the sum of the two (2) largest Obligor Percentages of the Group C Obligors, and (c) the largest Obligor Percentage of the Group B Obligors. Notwithstanding the foregoing, so long as no Special Obligor Slow Pay Condition has occurred and is continuing at the time of any calculation of the Concentration Reserve Percentage, the Obligor Percentage of the Special Obligor shall be deemed to be no greater than 5% (the “Concentration Reserve Cap”) for purposes of calculating the Concentration Reserve Percentage; *provided, however*, that the Administrative Agent may (or at the direction of any Lender shall), at any time upon not less than five (5) Business Days prior notice to the Borrower cancel the Concentration Reserve Cap with respect to the Special Obligor, in which case the Obligor Percentage of the Special Obligor for purposes of calculating the Concentration Reserve Percentage shall be determined as set forth in the definition of Concentration Percentage without giving effect to this sentence.

“Conduit Lender” means Gotham Funding Corporation, Reliant Trust and each other commercial paper conduit that is or becomes a party to this Agreement in the capacity of a “Conduit Lender”.

“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.

“Contract” means, with respect to any Receivable, any and all contracts, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Receivable arises or that evidence such Receivable or under which an Obligor becomes or is obligated to make payment in respect of such Receivable.

“Contractual Dilution” means dilution, Deemed Collections or other similar adjustments that have been accrued for by the related Originator or the Borrower, as applicable, in its financial books and records arising out of volume rebates, terms discounts, indirect rebates, direct rebates (net of any direct rebate recovery) and key promotional programs which are customary for the Originators and specified in the related Contract or applicable marketing program related to the applicable Receivable and Obligor thereof and which are included in the calculation of the SRDA.

“Controlled Group” means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Performance Guarantor or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

“Covered Entity” means (a) each of the Borrower, the Servicer, each Originator, the Performance Guarantor and each of the Performance Guarantor’s Subsidiaries and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

“CP Rate” means, for any Conduit Lender and for any Interest Period for any Portion of Capital (a) the per annum rate equivalent to the weighted average cost (as determined by the applicable Group Agent and which shall include commissions of placement agents and dealers, incremental carrying costs incurred with respect to Notes of such Person maturing on dates other than those on which corresponding funds are received by such Conduit Lender, other borrowings by such Conduit Lender (other than under any Program Support Agreement) and any other costs associated with the issuance of Notes) of or related to the issuance of Notes that are allocated, in whole or in part, by the applicable Conduit Lender to fund or maintain such Portion of Capital (and which may be also allocated in part to the funding of other assets of such Conduit Lender); *provided, however*, that if any component of such rate is a discount rate, in calculating the “CP Rate” for such Portion of Capital for such Interest Period, the applicable Group Agent shall for such component use the rate resulting from converting such discount rate to an interest bearing equivalent rate per annum; *provided, further*, that notwithstanding anything in this Agreement or the other Transaction Documents to the contrary, the Borrower agrees that any amounts payable to Conduit Lenders in respect of Interest for any Interest Period with respect to any Portion of Capital funded by such Conduit Lenders at the CP Rate shall include an amount equal to the portion of the face amount of the outstanding Notes issued to fund or maintain such Portion of Capital that corresponds to the portion of the proceeds of such Notes that was used to pay the interest component of maturing Notes issued to fund or maintain such Portion of Capital, to the extent that such Conduit Lenders had not received payments of interest in respect of such interest component prior to the maturity date of such maturing Notes (for purposes of the foregoing, the “interest component” of Notes equals the excess of the face amount thereof over the net proceeds received by such Conduit Lender from the issuance of Notes, except that if such Notes are issued on an interest-bearing basis its “interest component” will equal the amount of interest accruing on such Notes through maturity) or (b) any other rate designated as the “CP Rate” for such Conduit Lender in the Assumption Agreement or other document pursuant to which such Person becomes a party as a Conduit Lender to this Agreement, or any other writing or agreement provided by such Conduit Lender to the Borrower, the Servicer and the applicable Group Agent from time to time.

“Credit Agreement” means that certain Credit Agreement dated as of October 16, 2020 among Sponsor, as the Borrower, the subsidiaries of the Sponsor party thereto as guarantors, Bank of America, N.A., as Administrative Agent, the Swing Line Lender and an L/C Issuer, and the other lenders and L/C issuers party thereto from time to time.

“Credit and Collection Policy” means, with respect to any Receivable, the applicable credit and collection policies and practices of the Originator of such Receivable and the Servicer (or any sub-servicer) with respect to such Receivable and the related Obligor, as submitted by the Borrower to the Administrative Agent from time to time, in each case as modified from time to time in accordance with the terms of Section 8.02(h). To the extent there are not credit and collection policies and practices applicable to any Originator or Receivable on file with the Administrative Agent, the “Credit and Collection Policy” with respect to such Originator and such Receivable shall mean the applicable standard administration and documentation policies and procedures of the applicable Originator of such Receivable.

“Credit Extension” means the making of any Loan.

“Credit Party” means each Lender, the Administrative Agent and each Group Agent.

“Credit Risk Retention Rules” means (i) Section 15G of the Securities Exchange Act of 1934, as amended, and (ii) Articles 404-410 of the EU Capital Requirements Regulation (including Article 122a of the Banking Consolidation Directive), in each case, together with the rules and regulations thereunder.

“Days’ Sales Outstanding” means, for any Fiscal Month, an amount computed as of the last day of such Fiscal Month equal to: (a) the average of the Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) as of the last day of each of the three (3) most recent Fiscal Months ended on the last day of such Fiscal Month, *divided by* (b) (i) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) originated by the Originators during such Fiscal Month and the immediately preceding two (2) Fiscal Months, *divided by* (ii) ninety (90).

“Debt” means, as to any Person at any time of determination, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person (without duplication) for or in respect of: (i) borrowed money, (ii) amounts raised under or liabilities in respect of any bonds, debentures, notes, note purchase, acceptance or credit facility, or other similar instruments or facilities, (iii) reimbursement obligations (contingent or otherwise) under any letter of credit, (iv) any other transaction (including production payments (excluding royalties), installment purchase agreements, forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements (but not including accounts payable incurred in the ordinary course of such Person’s business payable on terms customary in the trade), (v) all net obligations of such Person in respect of interest rate or currency hedges or (vi) any Guaranty of any such Debt.

“Deemed Collections” has the meaning set forth in Section 4.01(d).

“Default Ratio” means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each Fiscal Month by *dividing*: (a) the aggregate Outstanding Balance of all Pool Receivables that became Defaulted Receivables during such Fiscal Month, excluding the Known Customer Dispute Receivable described in the Fee Letter, *by* (b) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) originated by the Originators during the month that is six (6) Fiscal Months before such Fiscal Month.

“Defaulted Receivable” means a Receivable:

(a) as to which any payment, or part thereof, remains unpaid for one hundred fifty-one (151) days or more from the original due date for such payment;

(b) as to which an Insolvency Proceeding shall have occurred with respect to the Obligor thereof or any other Person obligated thereon or owning any Related Security with respect thereto;

(c) that has been written off the applicable Originator's, the Servicer's or the Borrower's books as uncollectible; or

(d) that, consistent with the Credit and Collection Policy, should be written off the applicable Originator's, the Servicer's or the Borrower's books as uncollectible;

provided, however, that in each case above such amount shall be calculated without giving effect to any netting of credits that have not been applied to a particular Receivable for the purpose of aged trial balance reporting.

"Defaulting Lender" means any Committed 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 or (ii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Committed Lender notifies the Administrative Agent in writing that such failure is the result of such Committed Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the 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 (unless such writing or public statement indicates that such position is based on such Committed Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) 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, acting in good faith, to provide a certification in writing from an authorized officer of such Committed Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans under this Agreement, provided that such Committed Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of an Insolvency Proceeding.

"Delinquency Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each Fiscal Month by *dividing*: (a) the aggregate Outstanding Balance of all Pool Receivables that were Delinquent Receivables on such day, *by* (b) the aggregate Outstanding Balance of all Pool Receivables on such day.

"Delinquent Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for more than ninety-one (91) days from the original due date for such payment. Such amounts shall be calculated without giving effect to any netting of credits that have not been applied to a particular Receivable for the purpose of aged trial balance reporting.

“Dilution Horizon Ratio” means, for any Fiscal Month, the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of such Fiscal Month by *dividing*: (a) the sum of (i) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) originated by the Originators during such Fiscal Month, plus (ii) (x) 0.5 times (y) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) originated by the Originators during the preceding Fiscal Month, by (b) the Net Receivables Pool Balance as of the last day of such Fiscal Month. Within thirty (30) days of the completion and the receipt by the Administrative Agent of the results of any annual audit or field exam of the Receivables and the servicing and origination practices of the Servicer and the Originators, the numerator of the Dilution Horizon Ratio may be adjusted by the Administrative Agent upon not less than ten (10) Business Days’ notice to the Borrower solely to reflect (A) such number of Fiscal Months as the Administrative Agent reasonably believes best reflects the business practices of the Servicer and the Originators as determined following such audit or field exam and (B) the actual amount of dilution and Deemed Collections that occur with respect to Pool Receivables based on the weighted average dilution lag calculation completed as part of such audit or field exam.

“Dilution Ratio” means, for any Fiscal Month, the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward), computed as of the last day of each Fiscal Month by *dividing*: (a) the aggregate amount of Deemed Collections during such Fiscal Month (other than any Deemed Collections (I) consisting of Contractual Dilution or (II) with respect to any Receivables that were both (A) generated by an Originator during such Fiscal Month and (B) written off the applicable Originator’s or the Borrower’s books as uncollectible during such Fiscal Month), by (b) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) originated by the Originators during the Fiscal Month prior to such Fiscal Month.

“Dilution Reserve Percentage” means, at any time of determination, the product (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) of (a) the sum of (i) the product of (x) 2.00 *times* (y) the average of the Dilution Ratios for the twelve most recent Fiscal Months, *plus* (ii) the Dilution Volatility Component, *multiplied by* (b) the Dilution Horizon Ratio.

“Dilution Volatility Component” means, for any Fiscal Month, the product (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) of:

(a) the positive difference, if any, between: (i) the highest Dilution Ratio for any Fiscal Month during the twelve most recent Fiscal Months and (ii) the average of the Dilution Ratios for such twelve Fiscal Months, *times*

(b) the quotient of (i) the highest Dilution Ratio for any Fiscal Month during the twelve most recent Fiscal Months, *divided by* (ii) the average of the Dilution Ratios for such twelve Fiscal Months.

“Dollars” and “\$” each mean the lawful currency of the United States of America.

“Early Amortization Event” shall have occurred if the Spin-Off does not occur on or prior to the earlier of (i) February 28, 2021 and (ii) delivery of a notice by the Sponsor, as Borrower under the Credit Agreement, to the Administrative Agent under the Credit Agreement that SYNEX has determined to abandon the Spin-Off.

“Eligible Assignee” means (i) any Committed Lender or any of its Affiliates, (ii) any Person managed by a Committed Lender or any of its Affiliates and (iii) any other financial or other institution of recognized standing having capital and surplus in excess of \$500,000,000.

“Eligible Foreign Obligor” means an Obligor that is organized in or that has a head office (domicile), registered office, and chief executive office located in any country other than the United States of America or a Sanctioned Country.

“Eligible Receivable” means, at any time of determination, a Pool Receivable:

(a) the Obligor of which is: (i) either a U.S. Obligor or an Eligible Foreign Obligor; (ii) not a Governmental Authority located outside of the United States; (iii) not a Sanctioned Person; (iv) not subject to any Insolvency Proceeding; (v) not an Affiliate of the Borrower, the Servicer, the Performance Guarantor or any Originator; (vi) not the Obligor with respect to Delinquent Receivables with an aggregate Outstanding Balance exceeding 50.0% of the aggregate Outstanding Balance of all of such Obligor’s Pool Receivables; (vii) not a natural Person; and (viii) not a material supplier to any Originator or an Affiliate of a material supplier;

(b) that is denominated and payable only in Dollars in the United States of America, and the Obligor with respect to which has been instructed to remit Collections in respect thereof directly to a Collection Account (or, if such Obligor is a Physical Check Obligor, to a Collection Account, to a Lock-Box or to the Servicer or the applicable Originator) in the United States of America;

(c) that does not have a due date which is 91 days or more after the original invoice date of such Receivable;

(d) (i) that arises under a Contract for the sale of goods or services entered into on an arm’s length basis in the ordinary course of the applicable Originator’s business and (ii) does not constitute a loan or other similar financial accommodation being provided by the applicable Originator;

(e) that arises under a duly authorized Contract that (i) is in full force and effect, (ii) is governed by the law of the United States of America or of any State thereof and (iii) is a legal, valid and binding obligation of the related Obligor, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(f) that has been transferred by an Originator to the Borrower pursuant to the Receivables Purchase Agreement with respect to which transfer all conditions precedent under the Receivables Purchase Agreement have been met;

(g) that, together with the Contract related thereto, conforms in all material respects with all Applicable Laws (including any applicable laws relating to usury, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy);

(h) with respect to which all consents, licenses, approvals or authorizations of, or registrations or declarations with or notices to, any Governmental Authority or other Person required to be obtained, effected or given by an Originator in connection with the creation of such Receivable, the execution, delivery and performance by such Originator of the related Contract or the assignment thereof under the Receivables Purchase Agreement have been duly obtained, effected or given and are in full force and effect;

(i) that is not subject to any existing dispute, litigation, right of rescission, set-off, counterclaim, hold back, any other defense against the applicable Originator (or any assignee of such Originator) or Adverse Claim, and the Obligor of which holds no right as against the applicable Originator to cause such Originator to repurchase the goods or merchandise, the sale of which shall have given rise to such Receivable, *provided, however*, that if such dispute, litigation, right of rescission, set-off, counterclaim, hold back, other defense or Adverse Claim affects only a portion of the Outstanding Balance of such Receivable, then such Receivable may be deemed an Eligible Receivable to the extent of the portion of such Outstanding Balance which is not so affected; and *provided, further*, that if the Obligor of such Receivable is a Permitted Offset Obligor, solely during the months of May, June and July, such Receivable shall be deemed an Eligible Receivable notwithstanding any existing set off or counterclaim such Permitted Offset Obligor may have against the applicable Originator;

(j) that materially satisfies all applicable requirements of the Credit and Collection Policy;

(k) that, together with the Contract related thereto, has not been modified, waived or restructured since its creation, except as permitted pursuant to Section 9.02 of this Agreement;

(l) in which the Borrower owns good and marketable title, free and clear of any Adverse Claims, and that is freely assignable (including without any consent of the related Obligor or any Governmental Authority), and the payments thereon are free and clear of any, or increased to account for any applicable, withholding Taxes;

(m) for which the Administrative Agent (on behalf of the Secured Parties) shall have a valid and enforceable first priority perfected security interest therein and in the Related Security and Collections with respect thereto, in each case free and clear of any Adverse Claim;

(n) that (i) constitutes an "account" or "general intangible" (as defined in the UCC), (ii) is not evidenced by instruments or chattel paper and (iii) does not constitute, or arise from the sale of, as-extracted collateral (as defined in the UCC);

(o) that is neither a Defaulted Receivable nor a Delinquent Receivable;

(p) for which no Originator, the Borrower, the Performance Guarantor or the Servicer is holding any deposits or has established any offset or netting arrangements (including customer deposits and advance payments (including payments relating to unearned revenues)) with the related Obligor in connection with the ordinary course of payment of such Receivable;

(q) that represents amounts earned and payable by the Obligor that are not subject to the performance of additional services by the Originator thereof or by the Borrower and the related goods or merchandise shall have been shipped and/or services performed other than, in the case of an Eligible Unbilled Receivable, the billing or invoicing of such Receivable; *provided*, that if such Receivable is subject to the performance of additional services, only the portion of such Receivable attributable to such additional services shall be ineligible;

(r) which Receivable (i) shall have been billed or invoiced by or on behalf of the Servicer or (ii) is an Eligible Unbilled Receivable;

(s) which (i) does not arise from a sale of accounts made as part of a sale of a business or constitute an assignment for the purpose of collection only, (ii) is not a transfer of a single account made in whole or partial satisfaction of a preexisting indebtedness or an assignment of a right to payment under a contract to an assignee that is also obligated to perform under the contract and (iii) is not a transfer of an interest in or an assignment of a claim under a policy of insurance;

(t) which does not relate to the sale of any consigned goods or finished goods which have incorporated any consigned goods into such finished goods; and

(u) for which the related Originator has recognized the related revenue on its financial books and records in accordance with GAAP.

"Eligible Unbilled Receivable" means, at any time, any Unbilled Receivable if (a) the related Originator has recognized the related revenue on its financial books and records under GAAP, and (b) not more than sixty (60) days have expired since the date such Unbilled Receivable arose.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"ERISA Affiliate" means, with respect to any Person, any corporation, trade or business which together with the Person is a member of a controlled group of corporations or a controlled group of trades or businesses and would be deemed a "single employer" within the meaning of Sections 414(b), (c), (m) of the Code or Section 4001(b) of ERISA.

“Euro-Rate” means, at any time of determination, with respect to any Lender, LMIR or Adjusted LIBOR, as determined pursuant to Section 2.05, provided, however, that the Euro-Rate applicable to any LIBOR Tranche funded pursuant to a Loan that occurs other than on a Monthly Settlement Date shall be LMIR for each day during the initial Interest Period applicable to such LIBOR Tranche from the date such Loan is made pursuant to Section 2.01 until the next occurring Monthly Settlement Date.

“Euro-Rate Reserve Percentage” means, for any day, the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including without limitation, supplemental, marginal, and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as “Eurocurrency Liabilities”).

“Event of Default” has the meaning specified in Section 10.01. For the avoidance of doubt, any Event of Default that occurs shall be deemed to be continuing at all times thereafter unless and until waived in accordance with Section 14.01.

“Excess Concentration” means, as of any date of determination, the sum of the following amounts, without duplication:

(a) the sum of the amounts calculated for each of the Obligors equal to the excess (if any) of (i) the aggregate Outstanding Balance of the Eligible Receivables of such Obligor, *over* (ii) the product of (x) such Obligor’s applicable Concentration Percentage at such time, *multiplied by* (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; *plus*

(b) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables, the Obligor of which is a United States Governmental Authority, *over* (ii) the product of (x) 1.5%, *multiplied by* (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; *plus*

(c) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables, the Obligor of which is an Eligible Foreign Obligor, *over* (ii) the product of (x) 5.0%, *multiplied by* (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; *plus*

(d) the amount equal to the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables that are Unbilled Receivables, *over* (ii) the product of (x) 55.0%, *multiplied by* (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; *plus*

(e) the amount equal to the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables that are Unbilled Receivables, in respect of which more

than thirty (30) days have expired since the date each such Unbilled Receivable arose, over (ii) the product of (x) 20.0%, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool.

“Exchange Act” means the Securities Exchange Act of 1934, as amended or otherwise modified from time to time.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to an Affected Person or required to be withheld or deducted from a payment to an Affected Person: (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 Affected Person being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender pursuant to a law in effect on the date on which (i) such Lender acquires the applicable interest in the Loan or Commitment (other than pursuant to an assignment request under Sections 5.05 or 5.06) or (ii) such Lender changes its lending office, except in each case to the extent that amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Affected Person’s failure to comply with Section 5.03(f), and (d) any withholding Taxes imposed pursuant to FATCA.

“Facility Limit” means, at any time of determination, the aggregate Commitment of all Committed Lenders, which as of the Closing Date is equal to \$350,000,000, as reduced from time to time pursuant to Section 2.02(e). References to the unused portion of the Facility Limit shall mean, at any time of determination, an amount equal to (x) the Facility Limit at such time, minus (y) the Aggregate Capital.

“Facility Limit Reduction Notice” has the meaning set forth in Section 2.02(e).

“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, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with any of the foregoing and any fiscal or regulatory legislation, rules or practices adopted pursuant to any such intergovernmental agreement.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

“Fee Letter” has the meaning specified in Section 2.03(a).

“Fees” has the meaning specified in Section 2.03(a).

“Foreign Currency Receivable” means a Pool Receivables which is denominated and payable in any currency other than Dollars.

“Final Payout Date” means the date on or after the Termination Date when (i) the Aggregate Capital and Aggregate Interest have been paid in full, (ii) all other Borrower Obligations shall have been paid in full, (iii) all other amounts owing to the Credit Parties and any other Borrower Indemnified Party or Affected Person hereunder and under the other Transaction Documents have been paid in full and (iv) all accrued Servicing Fees have been paid in full.

“Financial Officer” of any Person means, the chief executive officer, the chief financial officer, the chief accounting officer, the principal accounting officer, the controller, the treasurer or the assistant treasurer of such Person.

“Fiscal Month” means each calendar month.

“Fitch” means Fitch, Inc. and any successor thereto that is a nationally recognized statistical rating organization.

“GAAP” means generally accepted accounting principles in the United States of America, consistently applied.

“Governmental Authority,” means the government of the United States of America or any other nation, or of 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 (including any supra-national bodies such as the European Union or the European Central Bank).

“Group” means, (i) for any Conduit Lender, such Conduit Lender, together with such Conduit Lender’s Related Committed Lenders and related Group Agent, (ii) for PNC, PNC as a Committed Lender and as a Group Agent, (iii) for any other Lender that does not have a Related Conduit Lender, such Lender, together with such Lender’s related Group Agent and each other Lender for which such Group Agent acts as a Group Agent hereunder.

“Group A Obligor” means any Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) with a short-term rating of at least: (a) “A-1” by S&P, or if such Obligor does not have a short-term rating from S&P, a rating of “A+” or better by S&P on such Obligor’s, its parent’s, or its majority owner’s (as applicable) long-term senior unsecured and uncredit-enhanced debt securities, or (b) “P-1” by Moody’s, or if such Obligor does not have a short-term rating from Moody’s, a rating of “A1” or better by Moody’s on such Obligor’s, its parent’s or its majority owner’s (as applicable) long-term senior unsecured and uncredit-enhanced debt securities; *provided, however*, if such Obligor is rated by only one of S&P or Moody’s, then such Obligor will be a “Group A Obligor” if such rating satisfies either clause (a) or clause (b) above; and *provided, further*, if such Obligor is rated by both S&P and Moody’s and such ratings indicate a different group for such Obligor, then such Obligor will be deemed to be a “Group A Obligor” if the lower of such ratings satisfies either clause (a) or clause (b) above. Notwithstanding

the foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of "Group A Obligor" shall be deemed to be a Group A Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the "Concentration Percentage", the "Concentration Reserve Percentage" and clause (a) of the definition of "Excess Concentration" for such Obligors, unless such deemed Obligor separately satisfies the definition of "Group A Obligor", "Group B Obligor", or "Group C Obligor", in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

"Group Agent" means each Person acting as agent on behalf of a Group and designated as the Group Agent for such Group on the signature pages to this Agreement or any other Person who becomes a party to this Agreement as a Group Agent for any Group pursuant to an Assumption Agreement, an Assignment and Acceptance Agreement or otherwise in accordance with this Agreement.

"Group Agent's Account" means, with respect to any Group, the account(s) from time to time designated in writing by the applicable Group Agent to the Borrower and the Servicer for purposes of receiving payments to or for the account of the members of such Group hereunder.

"Group B Obligor" means an Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) that is not a Group A Obligor, with a short-term rating of at least: (a) "A-2" by S&P, or if such Obligor does not have a short-term rating from S&P, a rating of "BBB+" to "A" by S&P on such Obligor's, its parent's or its majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities, or (b) "P-2" by Moody's, or if such Obligor does not have a short-term rating from Moody's, a rating of "Baal" to "A-2" by Moody's on such Obligor's, its parent's or its majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities; *provided, however*, if such Obligor is rated by only one of S&P or Moody's, then such Obligor will be a "Group B Obligor" if such rating satisfies either clause (a) or clause (b) above; and *provided, further*, if such Obligor is rated by both S&P and Moody's and such ratings indicate a different group for such Obligor, then such Obligor will be deemed to be a "Group B Obligor" if the lower of such ratings satisfies either clause (a) or clause (b) above. Notwithstanding the foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of "Group B Obligor" shall be deemed to be a Group B Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the "Concentration Percentage", the "Concentration Reserve Percentage" and clause (a) of the definition of "Excess Concentration" for such Obligors, unless such deemed Obligor separately satisfies the definition of "Group A Obligor", "Group B Obligor", or "Group C Obligor", in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

"Group C Obligor" means an Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) that is not a Group A Obligor or a Group B Obligor, with a short-term rating of at least: (a) "A-3" by S&P, or if such Obligor does not have a short-term rating from S&P, a rating of "BBB-" to "BBB" by S&P on such Obligor's, its parent's or its majority owner's

(as applicable) long-term senior unsecured and uncredit-enhanced debt securities, or (b) "P-3" by Moody's, or if such Obligor does not have a short-term rating from Moody's, a rating of "Baa3" to "Baa2" by Moody's on such Obligor's, its parent's or its majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities; *provided, however*, if such Obligor is rated by only one of S&P or Moody's, then such Obligor will be a "Group C Obligor" if such rating satisfies either clause (a) or clause (b) above; and *provided, further*, if such Obligor is rated by both S&P and Moody's and such ratings indicate a different group for such Obligor, then such Obligor will be deemed to be a "Group C Obligor" if the lower of such ratings satisfies either clause (a) or clause (b) above. Notwithstanding the foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of "Group C Obligor" shall be deemed to be a Group C Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the "Concentration Percentage", the "Concentration Reserve Percentage" and clause (a) of the definition of "Excess Concentration" for such Obligors, unless such deemed Obligor separately satisfies the definition of "Group A Obligor", "Group B Obligor", or "Group C Obligor", in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

"Group Commitment" means, with respect to any Group, at any time of determination, the aggregate Commitments of all Committed Lenders within such Group.

"Group D Obligor" means any Obligor that is not a Group A Obligor, Group B Obligor or Group C Obligor; *provided*, that any Obligor that is rated by neither Moody's nor S&P shall be a Group D Obligor, except as provided by the last sentence of each of "Group A Obligor", "Group B Obligor" and "Group C Obligor". Notwithstanding the foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of "Group D Obligor" shall be deemed to be a Group D Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the "Concentration Percentage", the "Concentration Reserve Percentage" and clause (a) of the definition of "Excess Concentration" for such Obligors, unless such deemed Obligor separately satisfies the definition of "Group A Obligor", "Group B Obligor" or "Group C Obligor", in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

"Guaranty" of any Person means any obligation of such Person guarantying or in effect guarantying any Debt, liability or obligation of any other Person in any manner, whether directly or indirectly, including any such liability arising by virtue of partnership agreements, including any agreement to indemnify or hold harmless any other Person, any performance bond or other suretyship arrangement and any other form of assurance against loss, except endorsement of negotiable or other instruments for deposit or collection in the ordinary course of business.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower, the Servicer (to the extent the Servicer is the Sponsor or an Affiliate of the Sponsor) or any Originator under any Transaction Document and (b) to the extent not otherwise described in clause (a) above, Other Taxes.

“Independent Director” has the meaning set forth in Section 8.03(c).

“Information Package” means a report, in substantially the form of Exhibit E.

“Initial Funding Date” means the first date on which all the conditions precedent in Section 6.02 are satisfied (or waived in accordance with Section 14.01).

“Insolvency Proceeding” means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors of a Person, composition, marshaling of assets for creditors of a Person, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each of clauses (a) and (b) undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

“Intended Tax Treatment” has the meaning set forth in Section 14.14.

“Interim Report” means a report, in substantially the form of Exhibit H.

“Interest” means, for each Loan on any day during any Interest Period (or portion thereof), the amount of interest accrued on the Capital of such Loan during such Interest Period (or portion thereof) in accordance with Section 2.03(b).

“Interest Period” means: (a) before the Termination Date: (i) initially the period commencing on the date of the initial Loan pursuant to Section 2.01 (or in the case of any fees payable hereunder, commencing on the Closing Date) and ending on (but not including) the next Monthly Settlement Date and (ii) thereafter, each period commencing on such Monthly Settlement Date and ending on (but not including) the next Monthly Settlement Date and (b) on and after the Termination Date, such period (including a period of one (1) day) as shall be selected from time to time by the Administrative Agent (with the consent or at the direction of the Majority Group Agents) or, in the absence of any such selection, each period of 30 days from the last day of the preceding Interest Period.

“Interest Rate” means, for any day in any Interest Period for any Loan (or any portion or Capital thereof), (i) if such Loan (or such portion of Capital thereof) is being funded by a Conduit Lender, the applicable CP Rate; or (ii) if such Loan (or such portion of Capital thereof) is being funded by any Lender on such day other than through the issuance of Notes (including, without limitation, if a Conduit Lender is then funding such Loan (or such portion of Capital thereof) under a Program Support Agreement, or if a Committed Lender is then funding such Loan (or such portion of Capital thereof)), the applicable Bank Rate;

provided, however, that the “Interest Rate” for any day while an Unmatured Event of Default or Event of Default has occurred and is continuing shall be an interest rate per annum equal to the sum of 2.00% per annum plus the greater of (i) the Base Rate in effect on such day, and (ii) the Euro-Rate with respect to such Lender for such Interest Period; *provided, further*, that no provision of this Agreement shall require the payment or permit the collection of Interest in excess of the

maximum permitted by Applicable Law; and *provided, further*, that Interest for any Loan shall not be considered paid by any distribution to the extent that at any time all or a portion of such distribution is rescinded or must otherwise be returned for any reason.

“Investment Company Act” means the Investment Company Act of 1940, as amended or otherwise modified from time to time.

“LCR Security” means any commercial paper or security (other than equity securities issued to the Performance Guarantor or any Originator that is a consolidated subsidiary of the Performance Guarantor, under GAAP) within the meaning of Paragraph .32(e)(viii) of the final rules titled Liquidity Coverage Ratio; Liquidity Risk Measurement Standards, 79 Fed. Reg. 197, 61440 et seq. (October 10, 2014).

“Lenders” means the Conduit Lenders and the Committed Lenders.

“Lender’s Account” means, with respect to any Lender, the account(s) from time to time designated in writing by the applicable Lender to the Borrower, the Servicer and the Administrative Agent for purposes of receiving payments to or for the account of such Lender hereunder.

“LIBOR Tranche” means any Capital (or portion thereof) accruing Interest at Adjusted LIBOR.

“Liquidity” means, at any time of determination, the sum of (i) unrestricted consolidated cash and cash equivalents (as determined under GAAP) of the Performance Guarantor at such time, *plus* (ii) the the amount (if any) then available to be borrowed by the Sponsor in cash pursuant to the Credit Agreement (assuming, unless the Borrower has actual knowledge to the contrary, that all conditions precedent to such borrowing (including any requirement to satisfy borrowing base requirements and that no event of default exists or would result from such borrowing) are then satisfied, other than any requirement that the Sponsor deliver a borrowing request or any similar and customary notice or certification required to initiate such a borrowing), *plus* (iii) an amount equal to (x) the Facility Limit at such time, *minus* (y) the Aggregate Capital at such time.

“Liquidity Agent” means any bank or other financial institution acting as agent for the various Liquidity Providers under each Liquidity Agreement.

“Liquidity Agreement” means any agreement entered into in connection with this Agreement pursuant to which a Liquidity Provider agrees to make purchases or advances to, or purchase assets from, any Conduit Lender in order to provide liquidity for such Conduit Lender’s Capital and Notes.

“Liquidity Event” means, as of any time of determination, that Liquidity is less than \$125,000,000 as of such time.

“Liquidity Provider” means each bank or other financial institution that provides liquidity support to any Conduit Lender pursuant to the terms of a Liquidity Agreement.

“LMIR” means for any day during any Interest Period, the interest rate per annum determined by the applicable Group Agent (which determination shall be conclusive absent manifest error) by dividing (i) the one-month Eurodollar rate for Dollar deposits as reported by Bloomberg Finance L.P. and shown on US0001M Screen or any other service or page that may replace such page from time to time for the purpose of displaying offered rates of leading banks for London interbank deposits in Dollars, as of 11:00 a.m. (London time) on such day, or if such day is not a Business Day, then the immediately preceding Business Day (or if not so reported, then as determined by the Administrative Agent from another recognized source for interbank quotation), in each case, changing when and as such rate changes, by (ii) a number equal to 1.00 minus the Euro-Rate Reserve Percentage on such day. The calculation of LMIR may also be expressed by the following formula:

$$\text{LMIR} = \frac{\text{One-month Eurodollar rate for Dollar deposits shown on Bloomberg US0001M Screen or appropriate successor}}{1.00 - \text{Euro-Rate Reserve Percentage.}}$$

LMIR shall be adjusted on the effective date of any change in the Euro-Rate Reserve Percentage as of such effective date. Notwithstanding the foregoing, if LMIR as determined herein would be less than zero percent (0.00%), such rate shall be deemed to be zero percent (0.00%) for purposes of this Agreement.

“Loan” means any loan made by a Lender pursuant to Section 2.02.

“Loan Request” means a letter in substantially the form of Exhibit A hereto executed and delivered by the Borrower to the Administrative Agent, the Group Agents and the Lenders pursuant to Section 2.02(a).

“Lock-Box” means each locked postal box with respect to which a Collection Account Bank has executed an Account Control Agreement pursuant to which it has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Schedule II (as such schedule may be modified from time to time in connection with the addition or removal of any Lock-Box in accordance with the terms hereof).

“Loss Horizon Ratio” means, for any Fiscal Month, the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed, as of the last day of such Fiscal Month, by *dividing*:

- (a) the sum of (i) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) generated by the Originators during the six most recent Fiscal Months ending prior to the time of determination and (ii) the product of (x) 0.5, *multiplied by* (y) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) originated by the Originators during the month that is seven (7) Fiscal Months prior to the time of determination; *by*
- (b) the Net Receivables Pool Balance as of such last date of the Fiscal Month.

“Loss Reserve Percentage” means, at any time of determination, the product (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) of (a) 2.00, *times* (b) the highest average of the Default Ratios for any three (3) consecutive Fiscal Months during the twelve most recent Fiscal Months, *times* (c) the Loss Horizon Ratio.

“Majority Group Agents” means one or more Group Agents which in its Group, or their combined Groups, as the case may be, have Committed Lenders representing more than 50% of the aggregate Commitments of all Committed Lenders in all Groups (or, if the Commitments have been terminated, have Lenders representing more than 50% of the aggregate outstanding Capital held by all the Lenders in all Groups).

“Material Adverse Effect” means relative to any Person (*provided* that if no particular Person is specified, “*Material Adverse Effect*” shall be deemed to be relative to the Borrower, the Servicer, the Originators and the Performance Guarantor, individually and in the aggregate) with respect to any event or circumstance, a material adverse effect on any of the following:

(a) with respect to (i) the Borrower, the assets, operations, business or financial condition of the Borrower and (ii) with respect to the Servicer, the Originators, or the Performance Guarantor, the assets, operations, business or financial condition of the Servicer, the Originators, and the Performance Guarantor, taken as a whole;

(b) the ability of any such Person to perform its obligations, if any under this Agreement or any other Transaction Document to which it is a party;

(c) the validity or enforceability of this Agreement or any other Transaction Document, or the validity or enforceability of any material portion of the Pool Receivables; or

(d) the status, perfection, enforceability or priority of the Administrative Agent’s or the Borrower’s security interest in the Collateral;

provided, that, it is understood and agreed that the execution of the documentation for, and the consummation of the transactions constituting, the Spin-Off shall not constitute a Material Adverse Effect pursuant to clause (a) or (b) above.

“Material Debt” means any Debt (other than Debt arising under this Agreement or the Credit Agreement) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$150,000,000.

“Maturity Date” means the earlier to occur of (a) the date occurring one hundred eighty (180) days following the Scheduled Termination Date and (b) the date on which the “Termination Date” is declared or deemed to have occurred under Section 10.01.

“Minimum Dilution Reserve Percentage” means, at any time of determination, the product (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded

upward) of (a) the average of the Dilution Ratios for the twelve most recent Fiscal Months ended that are covered by the most recently delivered Information Package, multiplied by (b) the Dilution Horizon Ratio for the most recent Fiscal Month ended that is covered by the most recently delivered Information Package.

“Minimum Funding Threshold” means, on any date of determination occurring on or after the date on which the Spin-Off occurs, the amount that is equal to the lesser of (x) thirty percent (30%) of the Facility Limit on such date and (y) the Borrowing Base on such date.

“Monthly Settlement Date” means the 24th day of each calendar month (or if such day is not a Business Day, the next occurring Business Day).

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto that is a nationally recognized statistical rating organization.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower, the Servicer, any Originator, the Performance Guarantor or any of their respective ERISA Affiliates (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“Net Receivables Pool Balance” means, at any time of determination: (a) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool, minus (b) the Excess Concentration.

“Notes” means short-term promissory notes issued, or to be issued, by any Conduit Lender to fund its investments in accounts receivable or other financial assets.

“Obligor” means, with respect to any Receivable, the Person obligated to make payments pursuant to the Contract relating to such Receivable.

“Obligor Percentage” means, at any time of determination, for each Obligor, a fraction, expressed as a percentage, (a) the numerator of which is (x) the aggregate Outstanding Balance of the Eligible Receivables of such Obligor and its Affiliates less (y) the amount (if any) then included in the calculation of the Excess Concentration with respect to such Obligor and its Affiliates and (b) the denominator of which is the aggregate Outstanding Balance of all Eligible Receivables at such time.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Originator” and “Originators” have the meaning set forth in the Receivables Purchase Agreement, as the same may be modified from time to time by adding new Originators or removing Originators, in each case with the prior written consent of the Administrative Agent.

“Other Connection Taxes” means, with respect to any Affected Person, Taxes imposed as a result of a present or former connection between such Affected Person and the jurisdiction imposing such Tax (other than connections arising from such Affected Person 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 Transaction Document, or sold or assigned an interest in any Loan or Transaction Document).

“Other Taxes” means any and all present or future stamp or documentary Taxes charges or similar levies or fees arising from any payment made hereunder or from the execution, delivery, filing, recording or enforcement of, or otherwise in respect of, this Agreement, the other Transaction Documents and the other documents or agreements to be delivered hereunder or thereunder, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to either of Sections 5.05 or 5.06).

“Outstanding Balance” means, at any time of determination, with respect to any Receivable, the then outstanding principal balance thereof; for the avoidance of doubt, the “Outstanding Balance” of any Receivable originated by an Originator is the then net outstanding principal balance thereof as determined by the Servicer in accordance with its customary practices.

“Overnight Bank Funding Rate” means for any day, the rate comprised of both overnight federal funds and overnight eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“NYFRB”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Administrative Agent for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

“Parent Group” has the meaning set forth in Section 8.03(c).

“Participant” has the meaning set forth in Section 14.03(e).

“Participant Register” has the meaning set forth in Section 14.03(f).

“PATRIOT Act” has the meaning set forth in Section 14.15.

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“Pension Plan” means a pension plan as defined in Section 3(2) of ERISA that is subject to Title IV of ERISA with respect to which any Originator, the Borrower or any other member of the Controlled Group may have any liability, contingent or otherwise.

“Percentage” means, at any time of determination, with respect to any Committed Lender, a fraction (expressed as a percentage), (a) the numerator of which is (i) prior to the termination of all Commitments hereunder, its Commitment at such time or (ii) if all Commitments hereunder have been terminated, the aggregate outstanding Capital of all Lenders in such Committed Lender’s Group at such time and (b) the denominator of which is (i) prior to the termination of all Commitments hereunder, the aggregate Commitments of all Committed Lenders at such time or (ii) if all Commitments hereunder have been terminated, the Aggregate Capital at such time.

“Performance Guarantor” means Concentrix Corporation, a Delaware corporation.

“Performance Guaranty.” means the Performance Guaranty dated as of the Closing Date, by the Performance Guarantor in favor of the Administrative Agent for the benefit of the Secured Parties, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

“Permitted Encumbrances” shall mean the following encumbrances: (a) liens for Taxes or assessments or other governmental charges or levies not yet delinquent; (b) pledges or deposits securing obligations under workmen’s compensation, unemployment insurance, social security or public liability laws or similar legislation; (c) pledges or deposits securing bids, tenders, government contracts, contracts (other than contracts for the payment of money) or leases to which any Originator, the Borrower or the Servicer is a party as lessee made in the ordinary course of business; (d) deposits securing statutory obligations of any Originator or the Servicer; (e) inchoate and unperfected workers’, mechanics’, suppliers’ or similar Liens arising in the ordinary course of business; (f) carriers’, warehousemen’s or other similar possessory liens arising in the ordinary course of business; (g) deposits securing, or in lieu of, surety, appeal or customs bonds in proceedings to which any Originator or the Servicer is a party; (h) any judgment lien not constituting an Event of Default under Section 10.01(s); (i) liens (other than liens applicable to the Borrower or liens on the Pool Receivables or any Related Security) under the Credit Agreement and (j) presently existing or hereinafter created liens in favor of the Borrower under the Receivables Purchase Agreement or the Lenders or the Administrative Agent under this Agreement.

“Permitted Offset Obligor” has the meaning set forth in the Fee Letter; *provided, however*, that the Administrative Agent may (or at the direction of the Majority Group Agents shall), at any time upon not less than five (5) Business Days’ prior notice to the Borrower, revoke the designation of any Person as a Permitted Offset Obligor.

“Person” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or any Governmental Authority.

“Physical Check Obligor” means an Obligor that is contractually allowed or required to make payments, and has historically made payments, by mailing physical checks to a lock-box account.

“PNC” has the meaning set forth in the preamble to this Agreement.

“Pool Receivable” means a Receivable in the Receivables Pool.

“Portion of Capital” means, with respect to any Lender and its related Capital, the portion of such Capital being funded or maintained by such Lender by reference to a particular interest rate basis.

“Pro Rata Percentage” means, at any time of determination, with respect to any Committed Lender, a fraction (expressed as a percentage), (a) the numerator of which is (i) prior to the termination of all Commitments hereunder, its Commitment at such time or (ii) if all Commitments hereunder have been terminated, the aggregate outstanding Capital of all Loans being funded by such Committed Lender at such time and (b) the denominator of which is (i) prior to the termination of all Commitments hereunder, the aggregate Commitments of all Committed Lenders at such time or (ii) if all Commitments hereunder have been terminated, the aggregate outstanding Capital of all Loans at such time.

“Program Support Agreement” means and includes any Liquidity Agreement and any other agreement entered into by any Program Support Provider providing for: (a) the issuance of one or more letters of credit for the account of any Conduit Lender, (b) the issuance of one or more surety bonds for which any Conduit Lender is obligated to reimburse the applicable Program Support Provider for any drawings thereunder, (c) the sale by any Conduit Lender to any Program Support Provider of any Capital (or portions thereof or participation interest therein) maintained by such Conduit Lender and/or (d) the making of loans and/or other extensions of credit to any Conduit Lender in connection with such Conduit Lender’s receivables-securitization program contemplated in this Agreement, together with any letter of credit, surety bond or other instrument issued thereunder.

“Program Support Provider” means and includes, with respect to any Conduit Lender, any Liquidity Provider and any other Person (other than any customer of such Conduit Lender) now or hereafter extending credit or having a commitment to extend credit to or for the account of, or to make purchases from, such Conduit Lender pursuant to any Program Support Agreement.

“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.

“Rating Agency” mean each of S&P, Fitch and Moody’s (and/or each other rating agency then rating the Notes of any Conduit Lender).

“Receivable” means any right to payment of a monetary obligation, whether or not earned by performance, owed to any Originator or the Borrower (as assignee of an Originator), whether constituting an account, chattel paper, payment intangible, instrument or general intangible, in

each instance arising in connection with the sale of goods that have been or are to be sold or for services rendered or to be rendered, and includes, without limitation, the obligation to pay any service charges, finance charges, interest, fees and other charges with respect thereto. Any such right to payment arising from any one transaction, including, without limitation, any such right to payment represented by an individual invoice or agreement, shall constitute a Receivable separate from a Receivable consisting of any such right to payment arising from any other transaction.

“Receivables Pool” means, at any time of determination, all of the then outstanding Receivables transferred (or purported to be transferred) to the Borrower pursuant to the Receivables Purchase Agreement prior to the Termination Date.

“Receivables Purchase Agreement” means the Receivables Purchase Agreement, dated as of the Closing Date, among the Servicer, the Originators and the Borrower, as such agreement may be amended, supplemented or otherwise modified from time to time.

“Receivables Purchase Agreement Termination Event” means the date on which a termination of the purchase and sale of Receivables under the Receivables Purchase Agreement shall have occurred pursuant to Section 8.1 thereof.

“Register” has the meaning set forth in Section 14.03(c).

“Reinvestment” has the meaning set forth in Section 4.01(a).

“Related Committed Lender” means with respect to any Conduit Lender, each Committed Lender listed as such for each Conduit Lender as set forth on the signature pages of this Agreement or in any Assumption Agreement.

“Related Conduit Lender” means, with respect to any Committed Lender, each Conduit Lender which is, or pursuant to any Assignment and Acceptance Agreement or Assumption Agreement or otherwise pursuant to this Agreement becomes, included as a Conduit Lender in such Committed Lender’s Group, as designated on its signature page hereto or in such Assignment and Acceptance Agreement, Assumption Agreement or other agreement executed by such Committed Lender, as the case may be.

“Related Security” means, with respect to any Receivable:

- (a) all of the Borrower’s and each Originator’s interest in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods), the sale of which gave rise to such Receivable;
- (b) all instruments and chattel paper that may evidence such Receivable;
- (c) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all UCC financing statements or similar filings relating thereto;

(d) all of the Borrower's and each Originator's rights, interests and claims under the related Contracts and all supporting obligations, guaranties, indemnities, letters of credit (including any letter of credit rights), insurance and other agreements (including the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Receivable or otherwise relating to such Receivable, whether pursuant to the Contract related to such Receivable or otherwise;

(e) all books and records of the Borrower and each Originator to the extent related to any of the foregoing, and all rights, remedies, powers, privileges, title and interest (but not obligations) in and to each Lock-Box and all Collection Accounts, into which any Collections or other proceeds with respect to such Receivables may be deposited, and any related investment property acquired with any such Collections or other proceeds (as such term is defined in the applicable UCC);

(f) all of the Borrower's rights, interests and claims under the Receivables Purchase Agreement and the other Transaction Documents; and

(g) all Collections and other proceeds (as defined in the UCC) of any of the foregoing.

“Reportable Compliance Event” means that any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations is in actual or probable violation of any Anti-Terrorism Law.

“Reportable Event” means any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Pension Plan (other than a Pension Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

“Representatives” has the meaning set forth in Section 14.06(c).

“Required Capital Amount” means, as of any date of determination, an amount equal to the product of (i) the Loss Reserve Percentage at such time, *times* (ii) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool.

“Restricted Payments” has the meaning set forth in Section 8.01(f).

“S&P” means Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, and any successor thereto that is a nationally recognized statistical rating organization.

“Sanction(s)” means any international economic sanction or trade embargo administered or enforced by the United States Government, including, OFAC, the United Nations Security Council, the European Union (not to include those protecting against the effects of extraterritorial sanctions by other nations), Her Majesty's Treasury or other relevant sanctions authority of OECD member countries.

“Sanctioned Country” means a country subject to a sanctions program identified on the list maintained by OFAC and available at: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/where-is-ofacs-country-list-what-countries-do-i-need-to-worry-about-in-or-as-otherwise-published-from-time-to-time>.

“Sanctioned Person” means (i) A person named on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by OFAC available at: <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>, or as otherwise published from time to time, Her Majesty’s Treasury Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority, or (ii) (A) an agency of the government of a Sanctioned Country, (B) an organization controlled by a Sanctioned Country or (C) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC, HMT, or any other relevant sanctions authority.

“Scheduled Termination Date” means October 28, 2022.

“SEC” means the U.S. Securities and Exchange Commission or any governmental agencies substituted therefor.

“Secured Parties” means each Credit Party, each Borrower Indemnified Party and each Affected Person.

“Securities Act” means the Securities Act of 1933, as amended or otherwise modified from time to time.

“Servicer” has the meaning set forth in the preamble to this Agreement.

“Servicer Indemnified Amount” has the meaning set forth in Section 13.02(a).

“Servicer Indemnified Party” has the meaning set forth in Section 13.02(a).

“Servicing Fee” means the fee referred to in Section 9.06(a) of this Agreement.

“Servicing Fee Rate” means the rate referred to in Section 9.06(a) of this Agreement.

“Settlement Date” means with respect to any Portion of Capital for any Interest Period or any Fees, (i) prior to an Early Amortization Event or an Event of Default that has occurred and is continuing or the occurrence of the Termination Date, the Monthly Settlement Date and (ii) during the occurrence and continuance of an Early Amortization Event or an Event of Default or on and after the Termination Date, each day selected from time to time by the Administrative Agent (with

the consent or at the direction of the Majority Group Agents) (it being understood that the Administrative Agent (with the consent or at the direction of the Majority Group Agents) may select such Settlement Date to occur as frequently as daily), or, in the absence of such selection, the Monthly Settlement Date.

“Solvent” means, with respect to any Person and as of any particular date, (i) the present fair market value (or present fair saleable value) of the assets of such Person is not less than the total amount required to pay the probable liabilities of such Person on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured, (ii) such Person is able to pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business, (iii) such Person is not incurring debts or liabilities beyond its ability to pay such debts and liabilities as they mature and (iv) such Person is not engaged in any business or transaction, and is not about to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged.

“Special Concentration Limit” has the meaning set forth in the definition of Concentration Percentage.

“Special Obligor” has the meaning set forth in the Fee Letter.

“Special Obligor Slow Pay Condition” means, at any time, a condition that exists if (i) the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each Fiscal Month by *dividing*: (a) the aggregate Outstanding Balance of all Pool Receivables owing by the Special Obligor that were Delinquent Receivables on such day, by (b) the aggregate Outstanding Balance of all Pool Receivables owing by the Special Obligor on such day, exceeds (ii) 25.0%.

“Spin-Off” means collectively, (a) separation of customer experience services business of SYNEX from the business and operations of the technology solutions segment of SYNEX, (b) the distribution, on a pro rata basis, to the holders of the common stock of SYNEX, of all of the outstanding shares of the Sponsor’s common stock that are owned by SYNEX immediately prior to the date of such distribution and (c) any transaction related thereto pursuant to, and, in each case, as further described in the registration statement Form 10 most recently filed by the Sponsor with the SEC (including the information statement and the other exhibits filed therewith) relating to such transactions.

“Sponsor” has the meaning set forth in the preamble to this Agreement.

“SRDA” means, on any date of determination, an amount (expressed as a positive value) computed on such date of determination, equal to the lesser of (A) the accrual balance on each Originator’s books and records in the ordinary course of business according to policies consistently applied related to volume rebates and early-pay discounts as of the most recently ended fiscal month and (B) the product of (a) the greater of (x) three (3) or (y) 1.5 times Days Sales Outstanding *divided by* 30 and (b) the greatest of (i) the sum of the credits accrued for as a liability on each Originator’s books and records in the ordinary course of business according to policies consistently

applied related to volume rebates and early-pay discounts during the most recently ended fiscal month, (ii) the sum of debits applied against the liability on each Originator's books and records in the ordinary course of business according to policies consistently applied related to volume rebates and early-pay discounts during the most recently ended fiscal month and (iii) the monthly average of amounts calculated in clause (i) above during the twelve (12) most recently ended fiscal months of the Servicer.

"Structuring Agent" means PNC Capital Markets LLC, a Pennsylvania limited liability company.

"Subordinated Note" has the meaning set forth in the Receivables Purchase Agreement.

"Sub-Servicer" has the meaning set forth in Section 9.01(d).

"Subsidiary" means, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or management of which is otherwise controlled: (a) by such Person, (b) by one or more Subsidiaries of such Person or (c) by such Person and one or more Subsidiaries of such Person.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges, withholdings (including backup withholding), assessments or fees imposed by any Governmental Authority and all interest, penalties, additions to tax and any similar liabilities with respect thereto.

"Termination Date" means the earliest to occur of (a) the Scheduled Termination Date, (b) the date on which the "Termination Date" is declared or deemed to have occurred under Section 10.01 and (c) the date selected by the Borrower on which all Commitments have been reduced to zero pursuant to Section 2.02(e).

"Total Reserves" means, at any time of determination, an amount equal to the product of (a) the sum of (i) the Yield and Servicing Reserve Percentage, *plus* (ii) the greater of (x) the sum of the Concentration Reserve Percentage *plus* the Minimum Dilution Reserve Percentage and (y) the sum of the Dilution Reserve Percentage *plus* the Loss Reserve Percentage, *multiplied* by (b) the Adjusted Net Receivables Pool Balance at such time.

"Tranche Period" means, with respect to any LIBOR Tranche, a period of one, two, three or six months selected by the Borrower pursuant to Section 2.05. Each Tranche Period shall commence on a Monthly Settlement Date and end on (but not including) the Monthly Settlement Date occurring one, two, three or six calendar months thereafter, as selected by the Borrower pursuant to Section 2.05; provided, however, that if the date any Capital (or portion thereof) is funded pursuant to a Loan made on a date that is not a Monthly Settlement Date pursuant to Section 2.01, the initial Tranche Period for such Capital (or such portion thereof) shall commence on the date such Loan is made pursuant to Section 2.01 and end on the next Monthly Settlement

Date occurring after the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such initial Tranche Period; provided, further, that if any Tranche Period would end after the Termination Date, such Tranche Period (including a period of one day) shall end on the Termination Date.

“Transaction Documents” means this Agreement, the Receivables Purchase Agreement, the Account Control Agreements, the Fee Letter, each Subordinated Note, the Performance Guaranty and all other certificates, instruments, UCC financing statements, reports, notices, agreements and documents executed or delivered under or in connection with this Agreement, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with this Agreement.

“UCC” means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

“Unbilled Receivable” means, at any time, any Receivable as to which the Obligor has become obligated to pay for the services provided by the applicable Originator in accordance with the relevant customer Contract but the invoice or bill with respect thereto has not yet been sent to the Obligor thereof.

“Unmatured Event of Default” means an event that but for notice or lapse of time or both would constitute an Event of Default.

“U.S. Obligor” means an Obligor that is a corporation or other business organization and is organized under the laws of the United States of America (or of a United States of America territory, district, state, commonwealth, or possession, including, without limitation, Puerto Rico and the U.S. Virgin Islands) or any political subdivision thereof.

“U.S. Tax Compliance Certificate” has the meaning set forth in Section 5.03(f)(ii)(B)(3).

“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.

“Yield and Servicing Fee Reserve Percentage” means at any time of determination:

$$\frac{1.5 \times \text{DSO} \times \text{BR}}{360}$$

where:

BR = the Base Rate plus 1.0%; and

DSO = the Days' Sales Outstanding for the most recently ended Fiscal Month.

Section 1.02. Other Interpretative Matters. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York and not specifically defined herein, are used herein as defined in such Article 9. Unless otherwise expressly indicated, all references herein to “Article,” “Section,” “Schedule,” “Exhibit” or “Annex” shall mean articles and sections of, and schedules, exhibits and annexes to, this Agreement. For purposes of this Agreement, the other Transaction Documents and all such certificates and other documents, unless the context otherwise requires: (a) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (b) the words “hereof,” “herein” and “hereunder” and words of similar import refer to such agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of such agreement (or such certificate or document); (c) references to any Article, Section, Schedule, Exhibit or Annex are references to Articles, Sections, Schedules, Exhibits and Annexes in or to such agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (d) the term “including” means “including without limitation”; (e) references to any Applicable Law refer to that Applicable Law as amended from time to time and include any successor Applicable Law; (f) references to any agreement refer to that agreement as from time to time amended, restated or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (g) references to any Person include that Person’s permitted successors and assigns; (h) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof; (i) unless otherwise provided, in the calculation of time from a specified date to a later specified date, the term “from” means “from and including”, and the terms “to” and “until” each means “to but excluding”; (j) terms in one gender include the parallel terms in the neuter and opposite gender; (k) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day and (l) the term “or” is not exclusive.

Section 1.03. Divisions. For all purposes under the Transaction Documents, in connection with any division or plan of division (whether 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 on the first date of its existence by the holders of its Capital Stock at such time.

Section 1.04. *LIBOR Notifications.* Section 5.07 of this Agreement provides a mechanism for determining an alternative rate of interest in the event that the London interbank offered rate is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "Adjusted LIBOR" or "LMIR" or with respect to any alternative or successor rate thereto, or replacement rate therefor.

ARTICLE II

TERMS OF THE LOANS

Section 2.01. *Loan Facility.* Upon a request by the Borrower pursuant to Section 2.02, and on the terms and subject to the conditions hereinafter set forth, the Conduit Lenders, ratably, in accordance with the aggregate of the Commitments of the Related Committed Lenders with respect to each such Conduit Lender, severally and not jointly, may, in their sole discretion, make Loans to the Borrower on a revolving basis, and if and to the extent any Conduit Lender does not make any such requested Loan or if any Group does not include a Conduit Lender, the Related Committed Lender(s) for such Conduit Lender or the Committed Lender for such Group, as the case may be, shall, ratably, in accordance with their respective Commitments, severally and not jointly, make a Loan to the Borrower on a revolving basis from time to time during the period from the Closing Date to the Termination Date; *provided, however*, that upon the occurrence and during the continuance of an Early Amortization Event, all Commitments of the Committed Lenders shall be terminated. Under no circumstances shall any Lender be obligated to make any such Loan if, after giving effect to such Loan:

- (i) the Aggregate Capital would exceed the Facility Limit at such time;
- (ii) the sum of (A) the aggregate outstanding Capital of such Lender *plus* (B) the aggregate outstanding Capital of each other Lender in its Group would exceed the Group Commitment of such Lender's Group
- (iii) if such Lender is a Committed Lender, the aggregate outstanding Capital of such Committed Lender would exceed its Commitment; or
- (iv) the Aggregate Capital would exceed the Borrowing Base at such time.

Section 2.02. *Making Loans; Repayment of Loans.* (a) Each Loan hereunder shall be made upon the written request from the Borrower to the Administrative Agent in the form of a Loan Request attached hereto as Exhibit A. Each such request for a Loan shall be made no later than 11:00 a.m. (New York City time) on a Business Day (it being understood that any such request made after such time shall be deemed to have been made on the following Business Day) and shall specify (i) the amount of the Loan(s) requested (which shall not be less than \$1,000,000 and shall be an integral multiple of \$100,000), (ii) the allocation of such amount among the Groups (which shall be ratably based on the Group Commitments), (iii) the account to which the proceeds of such Loan shall be distributed and (iv) the date such requested Loan is to be made (which shall be a

Business Day and (x) may be the Business Day on which the Loan Request was submitted if the aggregate amount of the Loans(s) requested is \$250,000,000 or less or (y) shall be the date falling two Business Days before the date such requested Loan is to be made if the aggregate amount of the Loans(s) requested exceeds \$250,000,000).

(b) The Administrative Agent shall, promptly after receipt by it of a Loan Request pursuant to Section 2.02(a), notify each Group Agent of its receipt of such Loan Request specifying the information provided by the Borrower and the apportionment among the Groups (which shall be ratable based on the Group Commitments) of the requested Loan. On the date of each Loan specified in the applicable Loan Request, the Lenders shall, upon satisfaction of the applicable conditions set forth in Article VI and pursuant to the other conditions set forth in this Article II, make available to the Borrower in same day funds an aggregate amount equal to the amount of such Loans requested, at the account set forth in the related Loan Request.

(c) Each Committed Lender's obligation shall be several, such that the failure of any Committed Lender to make available to the Borrower any funds in connection with any Loan shall not relieve any other Committed Lender of its obligation, if any, hereunder to make funds available on the date such Loans are requested (it being understood, that no Committed Lender shall be responsible for the failure of any other Committed Lender to make funds available to the Borrower in connection with any Loan hereunder).

(d) The Borrower shall repay in full the outstanding Capital of each Lender on the Maturity Date. Prior thereto, the Borrower shall, on each Settlement Date, make a prepayment of the outstanding Capital of the Lenders to the extent required under Section 4.01 and otherwise in accordance therewith. Notwithstanding the foregoing, the Borrower, in its discretion, shall have the right to make a prepayment, in whole or in part, of the outstanding Capital of the Lenders on any Business Day upon written notice thereof to the Administrative Agent in the form of a Reduction Notice attached hereto as Exhibit D; *provided* that, each such notice shall be made no later than 12:00 p.m. (New York City time) (x) on the Business Day of the requested prepayment or (y) if any such prepayment is in an aggregate amount greater than \$125,000,000, on the date falling two Business Days before the date of the requested prepayment (it being understood that any such request made after such time shall be deemed to have been made on the following Business Day); and *provided, further*, that (i) each such prepayment shall be in a minimum aggregate amount of \$1,000,000 and shall be an integral multiple of \$100,000, (ii) any accrued Interest and Fees in respect of such prepaid Capital shall be paid on the immediately following Settlement Date, and (iii) it shall be condition precedent to any such reduction in Capital that after giving effect to the reduction in the outstanding Capital proposed in such Reduction Notice, the outstanding Capital at such time would not be less than an amount equal to the applicable Minimum Funding Threshold; *provided, further, however*, that at any time on or after January 1, 2021, the Borrower may elect to be exempt from the Minimum Funding Threshold requirement set forth in this clause (iii) for a single period of no more than thirty (30) consecutive days during any calendar year by providing five (5) Business Days' prior written notice to the Administrative Agent.

(e) The Borrower may, at any time upon at least thirty (30) days' prior written notice to the Administrative Agent (any such notice a "Facility Limit Reduction Notice"), terminate the

Facility Limit in whole or ratably reduce the Facility Limit in part. Each partial reduction in the Facility Limit shall be in a minimum aggregate amount of \$5,000,000 and shall be an integral multiple of \$1,000,000, and no such partial reduction shall reduce the Facility Limit to an amount less than \$175,000,000. In connection with any partial reduction in the Facility Limit, the Commitment of each Committed Lender shall be ratably reduced.

(f) In connection with any reduction of the Commitments, the Borrower shall remit to the Administrative Agent (i) instructions regarding such reduction and (ii) for payment to the Lenders, cash in an amount sufficient to pay (A) the Capital of the Lenders in each Group in excess of the Group Commitment of such Group and (B) all other outstanding Borrower Obligations with respect to such reduction (determined based on the ratio of the reduction of the Commitments being effected to the amount of the Commitments prior to such reduction or, if the Administrative Agent reasonably determines that any portion of the outstanding Borrower Obligations is allocable solely to that portion of the Commitments being reduced or has arisen solely as a result of such reduction, all of such portion) including, without duplication, any associated Breakage Fees. Upon receipt of any such amounts, the Administrative Agent shall apply such amounts first to the reduction of the outstanding Capital, and second to the payment of the remaining outstanding Borrower Obligations with respect to such reduction, including any Breakage Fees, by paying such amounts to the Lenders.

Section 2.03. Interest and Fees. (a) On each Settlement Date, the Borrower shall, in accordance with the terms and priorities for payment set forth in Section 4.01, pay to the Administrative Agent (for the account of the Administrative Agent and each Group), each Lender and the Structuring Agent certain fees (collectively, the "Fees") in the amounts set forth in the fee letter agreements from time to time entered into, among the Borrower, the members of the applicable Group (or their Group Agent on their behalf) and/or the Administrative Agent and/or the Structuring Agent (each such fee letter agreement, as amended, restated, supplemented or otherwise modified from time to time, collectively being referred to herein as the "Fee Letter"). Commitment Fees (as defined in the Fee Letter) shall cease to accrue on the unfunded portion of the Commitment of any Defaulting Lender as provided in Section 2.06.

(b) The Capital of each Lender shall accrue interest on each day when such Capital remains outstanding at the then applicable Interest Rate. The Borrower shall pay all Interest (including, for the avoidance of doubt, all Interest accrued on LIBOR Tranches during an Interest Period regardless of whether the applicable Tranche Period has ended), Fees and Breakage Fees accrued during each Interest Period on each Settlement Date in accordance with the terms and priorities for payment set forth in Section 4.01.

(c) For the avoidance of doubt, the Borrower's obligation to pay all Fees and Interest hereunder when due shall not be contingent upon the receipt or availability of Collections.

Section 2.04. Records of Loans. Each Group Agent shall record in its records, the date and amount of each Loan made by the Lenders in its Group, the interest rate with respect thereto, the Interest accrued thereon and each repayment and payment thereof. Subject to Section 14.03(c), such records shall be conclusive and binding absent manifest error. The failure to so record any such information or any error in so recording any such information shall not, however, limit or

otherwise affect the obligations of the Borrower hereunder or under the other Transaction Documents to repay the Capital of each Lender, together with all Interest accruing thereon and all other Borrower Obligations.

Section 2.05. Selection of Euro-Rate and Tranche Periods. (a) Subject to the following sentence, each Lender's Capital (including all portions thereof) shall accrue Interest initially at LMIR. Thereafter, so long as no Early Amortization Event or Event of Default has occurred and is continuing, the Borrower may from time to time elect to change or continue the type of Euro-Rate and/or Tranche Period borne by the Lenders' Capital or, subject to the minimum amount requirement set forth in Section 2.02, a portion thereof by notice to the Administrative Agent not later than 12:00 p.m. (New York City time), one (1) Business Day prior to the expiration of any Tranche Period or Interest Period, as applicable; provided, that there shall not be more than three (3) LIBOR Tranches outstanding hereunder at any one time; provided, further that for the avoidance of doubt, any change from LMIR to Adjusted LIBOR and/or any change to a Tranche Period applicable to any Capital (or portion thereof) shall not be effective until the Monthly Settlement Date occurring after the date of such request. Any such notices requesting the continuation or conversion of any Capital (or any portion thereof) to the Administrative Agent may be given by telephone, teletype, or other telecommunication device acceptable to the Administrative Agent (which notice shall be irrevocable once given and, if by telephone, shall be promptly confirmed in writing in a manner acceptable to the Administrative Agent).

(b) If, by the time required in Section 2.05(a), the Borrower fails to select a Tranche Period or Euro-Rate for any Capital (or portion thereof), such Capital (or portion thereof) shall automatically accrue Interest at LMIR for the next occurring Interest Period.

Section 2.06. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Committed Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Committed Lender is a Defaulting Lender:

(a) Commitment Fees (as defined in the Fee Letter) shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender.

(b) The Commitment and Capital of such Defaulting Lender shall not be included in determining whether the Majority Group Agents have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 14.01); provided, that, except as otherwise provided in Section 14.01, 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 Committed Lender or each Committed Lender directly affected thereby (if such Lender is directly affected thereby).

(c) In the event that the Administrative Agent, the Borrower and the Servicer each agrees in writing that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then on such date such Committed Lender (or a member of such Committed Lender's Group) shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order

for such Committed Lender's Group to hold such Loans in accordance with its Pro Rata Percentage; provided, that no adjustments shall be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Committed Lender was a Defaulting Lender, and provided, further, that except to the extent otherwise agreed by the affected parties, no change hereunder from Defaulting Lender to Lender that is not a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender having been a Defaulting Lender.

ARTICLE III

SECURITY INTEREST

Section 3.01. Security Interest. (a) As security for the performance by the Borrower of all the terms, covenants and agreements on the part of the Borrower to be performed under this Agreement or any other Transaction Document, including the punctual payment when due of the Aggregate Capital and all Interest in respect of the Loans and all other Borrower Obligations, the Borrower hereby grants to the Administrative Agent for its benefit and the ratable benefit of the Secured Parties, a continuing security interest in and lien upon, all of the Borrower's right, title and interest in, to and under all of the following, whether now or hereafter owned, existing or arising and wherever located (collectively, the "Collateral"): (i) all Pool Receivables, (ii) all Related Security with respect to such Pool Receivables, (iii) all Collections with respect to such Pool Receivables, (iv) the Lock-Boxes and Collection Accounts and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such Lock-Boxes and Collection Accounts and amounts on deposit therein, (v) all rights (but none of the obligations) of the Borrower under the Receivables Purchase Agreement, (vi) all other personal and fixture property or assets of the Borrower of every kind and nature including, without limitation, all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, securities accounts, securities entitlements, letter-of-credit rights, commercial tort claims, securities and all other investment property, supporting obligations, money, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles) (each as defined in the UCC), and (vii) all proceeds of, and all amounts received or receivable under any or all of, the foregoing.

(b) The Administrative Agent (for the benefit of the Secured Parties) shall have, with respect to all the Collateral, and in addition to all the other rights and remedies available to the Administrative Agent (for the benefit of the Secured Parties), all the rights and remedies of a secured party under any applicable UCC. The Borrower hereby authorizes the Administrative Agent to file financing statements describing the collateral covered thereby as "all of the debtor's personal property or assets" or words to that effect.

(c) Immediately upon the occurrence of the Final Payout Date, the Collateral shall be automatically released from the lien created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent, the Lenders and the other Credit Parties hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Borrower;

provided, however, that promptly following written request therefor by the Borrower delivered to the Administrative Agent following any such termination, and at the sole expense of the Borrower, the Administrative Agent shall execute and deliver to the Borrower UCC-3 termination statements and such other documents as the Borrower shall reasonably request to evidence such termination.

ARTICLE IV

SETTLEMENT PROCEDURES AND PAYMENT PROVISIONS

Section 4.01. Settlement Procedures. (a) The Servicer shall set aside and hold in trust in the Collection Accounts for the benefit of the Secured Parties (or, if so requested by the Administrative Agent, segregate in a separate account designated by the Administrative Agent in the name of the Borrower), for application in accordance with the priority of payments set forth below, all Collections on Pool Receivables (other than Foreign Currency Receivables) that are received by the Servicer or the Borrower or received in any Lock-Box or Collection Account; provided, however, that so long as each of the conditions precedent set forth in Section 6.04 are satisfied on any date, the Servicer may release to the Borrower from such Collections the amount (if any) necessary to pay (x) the purchase price for Receivables purchased by the Borrower on such date in accordance with the terms of the Receivables Purchase Agreement or (y) amounts owing by the Borrower to any Originator under any Subordinated Notes (each such release of Collections, a "Reinvestment"). On each Settlement Date, the Servicer (or, following its assumption of control of the Collection Accounts, the Administrative Agent) shall, distribute such Collections in the following order of priority:

(i) *first*, to the Servicer for the payment of the accrued Servicing Fees payable for the immediately preceding Interest Period (plus, if applicable, the amount of Servicing Fees payable for any prior Interest Period to the extent such amount has not been distributed to the Servicer);

(ii) *second*, to each Lender and other Credit Party (ratably, based on the amount then due and owing), all accrued and unpaid Interest, Fees and Breakage Fees due to such Lender and other Credit Party for the immediately preceding Interest Period (including any additional amounts or indemnified amounts payable under Sections 5.03 and 13.01 in respect of such payments), plus, if applicable, the amount of any such Interest, Fees and Breakage Fees (including any additional amounts or indemnified amounts payable under Sections 5.03 and 13.01 in respect of such payments) payable for any prior Interest Period to the extent such amount has not been distributed to such Lender or Credit Party;

(iii) *third*, as set forth in clause (x), (y) or (z) below, as applicable:

(x) prior to the occurrence of the Termination Date, to the extent that a Borrowing Base Deficit exists on such date, to the Lenders (ratably, based on the aggregate outstanding Capital of each Lender at such time) for the payment of a portion of the outstanding Aggregate Capital at such time, in an aggregate amount equal to the amount necessary to reduce the Borrowing Base Deficit to zero (\$0);

(y) on and after the occurrence of an Early Amortization Event or the Termination Date, to each Lender (ratably, based on the aggregate outstanding Capital of each Lender at such time) for the payment in full of the aggregate outstanding Capital of such Lender at such time; or

(z) prior to the occurrence of the Termination Date, at the election of the Borrower and in accordance with Section 2.02(d), to the payment of all or any portion of the outstanding Capital of the Lenders at such time (ratably, based on the aggregate outstanding Capital of each Lender at such time);

(iv) *fourth*, to the Credit Parties, the Affected Persons and the Borrower Indemnified Parties (ratably, based on the amount due and owing at such time), for the payment of all other Borrower Obligations then due and owing by the Borrower to the Credit Parties, the Affected Persons and the Borrower Indemnified Parties; and

(v) *fifth*, the balance, if any, to be paid to the Borrower for its own account.

(b) Notwithstanding anything to the contrary set forth in this Section 4.01, the Administrative Agent shall have no obligation to distribute or pay any amount under this Section 4.01 except to the extent actually received by the Administrative Agent. All payments or distributions to be made by the Servicer, the Borrower and any other Person to the Lenders (or their respective related Affected Persons and the Borrower Indemnified Parties) hereunder shall be paid or distributed to the Administrative Agent's Account. The Administrative Agent, upon its receipt in the Administrative Agent's Account of any such payments or distributions, shall distribute such amounts to the applicable Group Agent; *provided* that if the Administrative Agent shall have received insufficient funds to pay all of the above amounts in full on any such date, the Administrative Agent shall pay such amounts to the applicable Group Agents in accordance with the priority of payments set forth above, and with respect to any such category above for which there are insufficient funds to pay all amounts owing on such date, ratably (based on the amounts in such categories owing to each such Group) among all such Groups entitled to payment thereof. Each Group Agent, upon its receipt in the applicable Group Agent's Account of any such payments or distributions, shall distribute such amounts to the applicable Lenders, Affected Persons and the Borrower Indemnified Parties within its Group ratably; *provided* that if such Group Agent shall have received insufficient funds to pay all of the above amounts in full on any such date, such Group Agent shall pay such amounts to the applicable Lenders, Affected Persons and the Borrower Indemnified Parties within its Group in accordance with the priority of payments set forth above, and with respect to any such category above for which there are insufficient funds to pay all amounts owing on such date, ratably (based on the amounts in such categories owing to each such Person in such Group) among all such Persons in such Group entitled to payment thereof. Each Lender and Group Agent hereby covenants and agrees to provide timely and accurate responses to each of the Administrative Agent's requests for information necessary for the Administrative Agent to make the allocations to the Lenders and the Group Agents required to be made by the Administrative Agent hereunder, including the applicable account of each Lender or Group Agent for which amounts should be distributed.

(c) If and to the extent the Administrative Agent, any Credit Party, any Affected Person or any Borrower Indemnified Party shall be required for any reason to pay over to any Person (including any Obligor or any trustee, receiver, custodian or similar official in an Insolvency Proceeding) any amount received on its behalf hereunder, such amount shall be deemed not to have been so received by such Person but rather to have been retained by the Borrower and, accordingly, the Administrative Agent, such Credit Party, such Affected Person or such Borrower Indemnified Party, as the case may be, shall have a claim against the Borrower for such amount.

(d) For the purposes of this Section 4.01:

(i) if on any day the Outstanding Balance of any Pool Receivable is reduced or adjusted as a result of any defective, rejected, returned, repossessed or foreclosed goods or services, or any revision, cancellation, allowance, rebate, credit memo, discount or other adjustment made by the Borrower, any Originator, the Servicer or any Affiliate of the Servicer, or any setoff, counterclaim or resolution of a dispute between or among the Borrower or any Affiliate of the Borrower, an Originator or any Affiliate of an Originator, or the Servicer or any Affiliate of the Servicer, and an Obligor, the Borrower shall be deemed to have received on such day a Collection of such Pool Receivable in the amount of such reduction or adjustment and shall pay any and all such amounts in respect thereof to a Collection Account (or as otherwise directed by the Administrative Agent at such time) promptly (but no later than two (2) Business Days) for the benefit of the Credit Parties for application pursuant to Section 4.01(a);

(ii) if on any day any of the representations or warranties in Section 7.01 is not true with respect to any Pool Receivable, the Borrower shall be deemed to have received on such day a Collection of such Pool Receivable in full and shall pay the amount of such deemed Collection to a Collection Account (or as otherwise directed by the Administrative Agent at such time) promptly (but no later than two (2) Business Days) for the benefit of the Credit Parties for application pursuant to Section 4.01(a) (Collections deemed to have been received pursuant to Section 4.01(d) are hereinafter sometimes referred to as "Deemed Collections"); and

(iii) except as provided in clauses (i) or (ii) above or otherwise required by Applicable Law or the relevant Contract, all Collections received from an Obligor of any Receivable shall be applied to the Receivables of such Obligor in the order of the age of such Receivables, starting with the oldest such Receivable, unless such Obligor designates in writing its payment for application to specific Receivables.

Section 4.02. Payments and Computations, Etc. (a) All amounts to be paid by the Borrower or the Servicer to the Administrative Agent, any Credit Party, any Affected Person or any Borrower Indemnified Party hereunder shall be paid no later than 12:00 Noon (New York City time) on the day when due in same day funds to the Administrative Agent's Account.

(b) Each of the Borrower and the Servicer shall, to the extent permitted by Applicable Law, pay interest on any amount for each day not paid or deposited by it when due hereunder, at an interest rate per annum equal to 2.00% per annum above the Base Rate, payable on demand.

(c) All computations of interest under subsection (b) above and all computations of Interest, Fees and other amounts hereunder shall be made on the basis of a year of 360 days (or, in the case of amounts determined by reference to the Base Rate, 365 or 366 days, as applicable) for the actual number of days (including the first but excluding the last day) elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

ARTICLE V

INCREASED COSTS; FUNDING LOSSES; TAXES; AND ILLEGALITY

Section 5.01. *Increased Costs.*

(a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Affected Person (except any such reserve requirements reflected in Adjusted LIBOR or LMIR);

(ii) subject any Affected Person to any Taxes (other than Indemnified Taxes, Taxes described in clauses (b) through (d) of the definition of Excluded Taxes, and Connection Income Taxes) on its loans, loan principal, letters of credit, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Affected Person any other condition, cost or expense (other than Taxes) (A) affecting the Collateral, this Agreement, any other Transaction Document, any Program Support Agreement, any Loan or any participation therein or (B) affecting its obligations or rights to make Loans;

and the result of any of the foregoing shall be to increase the cost to such Affected Person of (A) acting as the Administrative Agent, Group Agent or a Lender hereunder or as a Program Support Provider with respect to the transactions contemplated hereby, (B) funding or maintaining any Loan or (C) maintaining its obligation to fund or maintain any Loan, or to reduce the amount of any sum received or receivable by such Affected Person hereunder, then, upon request of such Affected Person (or its Group Agent), the Borrower shall pay to such Affected Person such additional amount or amounts as will compensate such Affected Person for such additional costs incurred or reduction suffered in accordance with Section 5.01(d).

(b) *Capital and Liquidity Requirements.* If any Affected Person determines that any Change in Law affecting such Affected Person or any lending office of such Affected Person or such Affected Person's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of (x) increasing the amount of capital required to be maintained by such Affected Person or Affected Person's holding company, if any, or increasing the amount of high quality liquid assets such Affected Person or Affected Person's holding company, if any, is

required to maintain as a result of any funding commitment made by such Affected Person under any Transaction Document, (y) reducing the rate of return on such Affected Person's capital or on the capital of such Affected Person's holding company, if any, or (z) causing an internal capital or liquidity charge or other imputed cost to be assessed upon such Affected Person or Affected Person's holding company, if any, in each case, as a consequence of (A) this Agreement or any other Transaction Document, (B) the commitments of such Affected Person hereunder or any related Program Support Agreement, (C) the Loans made by such Affected Person, or (D) any Capital, to a level below that which such Affected Person or such Affected Person's holding company could have achieved but for such Change in Law (taking into consideration such Affected Person's policies and the policies of such Affected Person's holding company with respect to capital adequacy and liquidity), then from time to time, upon request of such Affected Person (or its Group Agent), the Borrower will pay to such Affected Person such additional amount or amounts as will compensate such Affected Person or such Affected Person's holding company for any such increase, reduction or charge.

(c) *Adoption of Changes in Law.* The Borrower acknowledges that any Affected Person may institute measures in anticipation of a Change in Law (including, without limitation, the imposition of internal charges on such Affected Person's interests or obligations under any Transaction Document), and may commence allocating charges to or seeking compensation from the Borrower under this Section 5.01 in connection with such measures, in advance of the effective date of such Change in Law, and the Borrower agrees to pay such charges or compensation to such Affected Person, following demand therefor in accordance with the terms of this Section 5.01, without regard to whether such effective date has occurred.

(d) *Certificates for Reimbursement.* A certificate of an Affected Person (or its Group Agent on its behalf) setting forth the amount or amounts necessary to compensate such Affected Person or its holding company, as the case may be, as specified in clause (a), (b) or (c) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall, subject to the priorities of payment set forth in Section 4.01, pay such Affected Person the amount shown as due on any such certificate on the later of (i) the first Settlement Date occurring after the Borrower's receipt of such certificate and (ii) ten (10) days after the Borrower's receipt of such certificate.

(e) *Delay in Requests.* Failure or delay on the part of any Affected Person to demand compensation pursuant to this Section shall not constitute a waiver of such Affected Person's right to demand such compensation provided that the Borrower shall not be required to compensate an Affected Person pursuant to this Section 5.01 for any increased costs or reductions incurred more than 180 days prior to the date that such Affected Person notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Affected Person'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 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 5.02. Funding Losses. (a) The Borrower will pay each Lender all Breakage Fees as and when due and owing.

(b) A certificate of a Lender (or the its Group Agent on its behalf) setting forth the amount or amounts necessary to compensate such Lender, as specified in clause (a) above and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall, subject to the priorities of payment set forth in Section 4.01, pay such Lender the amount shown as due on any such certificate on the later of (i) the first Settlement Date occurring after the Borrower's receipt of such certificate and (ii) ten (10) days after the Borrower's receipt of such certificate.

Section 5.03. Taxes.

(a) *Payments Free of Taxes.* Any and all payments by or on account of any obligation under any Transaction 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 such 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 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 5.03), the applicable Affected Person or Borrower Indemnified Party receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) *Payment of Other Taxes by the Borrower.* The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or, at the option of the Administrative Agent, timely reimburse it for the payment of, any Other Taxes.

(c) *Indemnification by the Borrower.* The Borrower shall indemnify each Affected Person, within ten days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 5.03) payable or paid by such Affected Person or required to be withheld or deducted from a payment to such Affected Person and any penalties, interest and 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; provided that the Borrower shall not be required to compensate any Affected Person pursuant to this Section 5.03 for any Indemnified Taxes unless such Affected Person requests compensation from the Borrower not later than 180 days after the earlier of (i) the date on which the relevant Governmental Authority makes written demand upon such Affected Person for payment of such Indemnified Taxes, and (ii) the date on which such Affected Person has made payment of such Indemnified Taxes. A certificate that states the amount of such payment or liability shall be delivered to the Borrower by an Affected Person (with a copy to the Administrative Agent) together with all backup information and documentation reasonably requested by the Borrower, or by the Administrative Agent on its own behalf or on behalf of an Affected Person and shall be conclusive absent manifest error.

(d) *Indemnification by the Lenders.* Each Lender (other than the Conduit Lenders) shall severally indemnify the Administrative Agent, within ten days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender, its Related Conduit Lender or any of their

respective Affiliates that are Affected Persons (but only to the extent that the Borrower and its Affiliates have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting any obligation of the Borrower, the Servicer or their Affiliates to do so), (ii) any Taxes attributable to the failure of such Lender, its Related Conduit Lender or any of their respective Affiliates that are Affected Persons to comply with Section 14.03(f) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, its Related Conduit Lender or any of their respective Affiliates that are Affected Persons, in each case, that are payable or paid by the Administrative Agent in connection with any Transaction 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 (or its Group Agent) by the Administrative Agent shall be conclusive absent manifest error. Each Lender (other than the Conduit Lenders) hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender, or any of their respective Affiliates that are Affected Persons under any Transaction Document or otherwise payable by the Administrative Agent to such Lender, its Related Conduit Lender or any of their respective Affiliates that are Affected Persons from any other source against any amount due to the Administrative Agent under this clause (d).

(e) *Evidence of Payments.* As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 5.03, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) *Status of Affected Persons.* (i) Any Affected Person that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Affected Person, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Affected Person 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 Sections 5.03(f)(i)(A), 5.03(f)(i)(B) and 5.03(g)) shall not be required if, in the Affected Person's reasonable judgment, such completion, execution or submission would subject such Affected Person to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Affected Person.

(ii) Without limiting the generality of the foregoing:

(A) any Affected Person that is a "United States Person" within the meaning of Section 7701(a)(30) of the Code, shall deliver to the Borrower and the Administrative

Agent on or about the date on which such Affected Person becomes a party hereto (and from time to time upon the reasonable request of the Borrower or the Administrative Agent), executed copies of Internal Revenue Service Form W-9 certifying that such Affected Person is exempt from U.S. federal backup withholding Tax;

(B) any Affected Person that is not a “United States Person” within the meaning of Section 7701(a)(30) of the Code (a “Foreign Affected Person”) shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be reasonably requested by the Borrower or the Administrative Agent) on or about the date on which such Foreign Affected Person becomes an Affected Person with respect to this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of such a Foreign Affected Person claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Transaction Document, executed copies of Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Transaction Document, Internal Revenue Service Form W-8BEN or Internal Revenue Form W-8BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of Internal Revenue Service Form W-8ECI;

(3) in the case of a Foreign Affected Person claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Affected Person is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” related to the Borrower described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E (or successor form); or

(4) to the extent such Foreign Affected Person is not the beneficial owner, executed copies of Internal Revenue Service Form W-8IMY, accompanied by Internal Revenue Service Form W-8ECI, Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E (or successor form), a U.S. Tax Compliance Certificate, Internal Revenue Service Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that, if such Foreign Affected Person is a partnership and one or more direct or indirect partners of such Foreign Affected Person are claiming the portfolio interest exemption, such Foreign Affected Person may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner; and

(C) any Foreign Affected Person, to the extent it is legally entitled to do so, shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient), on or about the date on which such Foreign Affected Person becomes a party hereto (and from time to time upon the reasonable request of the 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 the Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

(g) *Documentation Required by FATCA.* If a payment made to an Affected Person under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Affected Person 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 Affected Person shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Affected Person has complied with such Affected Person's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(h) *Survival.* Each party's obligations under this [Section 5.03](#) shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Credit Party or any other Affected Person, the termination of the Commitments and the repayment, satisfaction or discharge of all the Borrower Obligations and the Servicer's obligations hereunder.

(i) *Updates.* Each Affected Person agrees that if any form or certification it previously delivered pursuant to this [Section 5.03](#) expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(j) *Intended Tax Treatment.* Notwithstanding anything to the contrary herein or in any other Transaction Document, all parties to this Agreement covenant and agree to treat each Loan under this Agreement as debt (and all Interest as interest) for all federal, state, local and franchise tax purposes and agree not to take any position on any tax return inconsistent with the foregoing.

(k) *Treatment of Certain Refunds.* If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified

pursuant to this Section 5.03 (including by the payment of additional amounts pursuant to this Section 5.03), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 5.03 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (k) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (k), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (k) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

Section 5.04. Inability to Determine Euro-Rate; Change in Legality. (a) If any Group Agent shall have determined (which determination shall be conclusive and binding upon the parties hereto absent manifest error) before the first day of any Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or on any day (with respect to the Euro-Rate determined by reference to LMIR), by reason of circumstances affecting the interbank Eurodollar market, either that: (i) Dollar deposits in the relevant amounts and for the relevant Interest Period or day, as applicable, are not available, (ii) adequate and reasonable means do not exist for ascertaining the Euro-Rate for such Interest Period or day, as applicable, or (iii) the Euro-Rate determined pursuant hereto does not accurately reflect the cost to the applicable Affected Person (as conclusively determined by such Group Agent) of maintaining any Portion of Capital during such Interest Period or day, as applicable, such Group Agent shall promptly give telephonic notice of such determination, confirmed in writing, to the Administrative Agent and the Borrower before the first day of any Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or on such day (with respect to the Euro-Rate determined by reference to LMIR). Upon delivery of such notice: (i) no Portion of Capital shall be funded thereafter at the Euro-Rate unless and until such Group Agent shall have given notice to Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist and (ii) with respect to any outstanding Portion of Capital then funded at the Euro-Rate, the Interest Rate with respect to such Portion of Capital shall automatically be converted to the Base Rate on the last day of the then-current Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or immediately (with respect to the Euro-Rate determined by reference to LMIR).

(b) If, on or before the first day of any Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or on any day (with respect to the Euro-Rate determined by reference to LMIR), any Group Agent shall have been notified by any Affected Person that such Affected Person has determined (which determination shall be final and

conclusive absent manifest error) that any Change in Law, or compliance by such Affected Person with any Change in Law, shall make it unlawful or impossible for such Affected Person to fund or maintain any Portion of Capital at or by reference to the Euro-Rate, such Group Agent shall notify the Borrower and the Administrative Agent thereof. Upon receipt of such notice, until the applicable Group Agent notifies the Borrower and the Administrative Agent that the circumstances giving rise to such determination no longer apply, (i) no Portion of Capital shall be funded thereafter at the Euro-Rate unless and until such Lender shall have given notice to the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist and (ii) with respect to any outstanding Portion of Capital then funded at the Euro-Rate, the Interest Rate with respect to such Portion of Capital shall automatically be converted to the Base Rate on the last day of the then-current Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or immediately (with respect to the Euro-Rate determined by reference to LMIR).

Section 5.05 Mitigation Obligations; Replacement of Lenders. (a) If any Affected Person requests compensation under Section 5.01, or the Borrower is required to pay any Indemnified Taxes or additional amounts to any Affected Person or any Governmental Authority for the account of any Affected Person pursuant to Section 5.03, then such Affected Person (at the request of the Borrower) 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 Affected Person, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 5.01 or 5.03, as the case may be, in the future and (ii) would not subject such Affected Person to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Affected Person. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Affected Person in connection with any such designation or assignment.

(b) If (i) any Affected Person requests compensation under Section 5.01, (ii) the Borrower is required to pay any Indemnified Taxes or additional amounts to any Affected Person or any Governmental Authority for the account of any Affected Person pursuant to Section 5.03 or (iii) any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 14.03), all its interests, rights (other than its existing rights to payments pursuant to Section 5.01 or 5.03) and obligations under the Transaction Documents to an assignee that shall assume such obligations (which, in the case of a Lender, shall be an Eligible Assignee); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld or delayed, (ii) such Affected Person, if a Lender shall have received payment of an amount equal to the outstanding principal of its 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 Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 5.01 or payments required to be made pursuant to Section 5.03, 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 if, prior thereto, as a result of a waiver by such Lender or an Affected Person or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 5.06. Certain Rules Relating to the Payment of Additional Amounts. (a) If any Affected Person requests compensation under Section 5.01, or if the Borrower is required to pay any additional amount to any Affected Person or to any Governmental Authority for the account of any Affected Person pursuant to Section 5.03, then such Affected Person shall (at the request of the Borrower) use commercially reasonable efforts to designate a different lending office for funding or booking the related Loans hereunder or to assign and delegate (or cause to be assigned and delegated) such Affected Person's rights and obligations hereunder to another office, branch or Affiliate of such Affected Person if, in the judgment of such Affected Person, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 5.01 or 5.03, as the case may be, in the future and (ii) would not subject such Affected Person to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Affected Person. The Borrower hereby agrees to pay all reasonable out of pocket costs and expenses incurred by any Affected Person in connection with any such designation or assignment and delegation.

(b) If (i) any Affected Person requests compensation under Section 5.01, (ii) the Borrower is required to pay any additional amount to any Affected Person or any Governmental Authority for the account of any Affected Person pursuant to Section 5.03, (iii) any Affected Person has become a Defaulting Lender or (iv) any Affected Person has failed to consent to a proposed amendment, waiver, discharge or termination that requires the consent of all Lenders and with respect to which the other Lenders shall have or would have granted their consent, then the Borrower may, at its sole expense and effort, upon notice to the Administrative Agent, require the Administrative Agent to cause the related Affected Person to assign and delegate, without recourse (in accordance with and subject to all applicable transfer restrictions), all its interests, rights and obligations under this Agreement and the other Transaction Documents to another appropriate Person (which, in the case of a Lender, shall be an Eligible Assignee) that shall acquire such interest or assume such commitment; *provided* that (a) the Borrower shall have received the prior written consent of the Administrative Agent and the other Lenders, which consent shall not unreasonably be withheld, (b) such Affected Person, if a Lender, shall have received payment of an amount equal to its outstanding Capital and, if applicable, accrued Interest and Fees thereon and all other amounts then owing to it hereunder from the assignee or the Borrower, (c) in the case of any such assignment and delegation resulting from a claim for compensation under Section 5.01 or payments required to be made pursuant to Section 5.03, such assignment is expected to result in a reduction in such compensation or payments for future periods and (d) in the case of any such assignment and delegation resulting from the failure of an Affected Person to provide a consent, the assignee shall have given such consent and, as a result of such assignment and delegation and any contemporaneous assignments and delegations and consents, the applicable amendment, waiver, discharge or termination can be effected. An Affected Person shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver or consent by such Affected Person or otherwise, the circumstances entitling the Borrower to require such assignment and delegation have ceased to apply.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Transaction Document, if the Administrative Agent determines that a Benchmark Transition Event or an Early Opt-in Event has occurred, the Administrative Agent and the Borrower may amend this Agreement to replace Adjusted LIBOR and LMIR with a Benchmark Replacement; and any such amendment will become effective at 5:00 p.m. New York City time on the fifth (5th) Business Day after the Administrative Agent has provided such proposed amendment to all Lenders, so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Majority Group Agents. Until the Benchmark Replacement is effective, each advance, conversion and renewal of a Loan under Adjusted LIBOR or LMIR will continue to bear interest with reference to Adjusted LIBOR or LMIR, as applicable; provided however, during a Benchmark Unavailability Period (i) any pending selection of, conversion to or renewal of a Loan bearing interest under Adjusted LIBOR or LMIR that has not yet gone into effect shall be deemed to be a selection of, conversion to or renewal of such Loan at the Base Rate with respect to such Loan, (ii) all outstanding Loans bearing interest under Adjusted LIBOR or LMIR shall automatically be converted to Loans bearing interest under the Base Rate at the expiration of the existing Tranche Period or period, as applicable (or sooner, if Administrative Agent cannot continue to lawfully maintain such affected Loans under Adjusted LIBOR or LMIR) and (iii) the component of the Base Rate based upon Adjusted LIBOR (if any) will not be used in any determination of the Base Rate.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, 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 Transaction 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.

(c) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (i) the implementation of any Benchmark Replacement, (ii) the effectiveness of any Benchmark Replacement Conforming Changes and (iii) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or the Lenders pursuant to this Section 5.07 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, 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 hereto, except, in each case, as expressly required pursuant to this Section 5.07.

(d) Certain Defined Terms. As used in this Section 5.07:

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement 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 rate of interest as a replacement to Adjusted LIBOR and LMIR for U.S. dollar-denominated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if at any time the Benchmark Replacement as so determined would be less than the Benchmark Replacement Floor, the Benchmark Replacement will be deemed to be the Benchmark Replacement Floor for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement of Adjusted LIBOR and LMIR with an alternate benchmark rate for each applicable Tranche Period or period, as applicable, 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 Borrower (a) 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 Adjusted LIBOR and LMIR with the applicable Benchmark Replacement (excluding such spread adjustment) by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for such replacement of Adjusted LIBOR and LMIR for U.S. dollar-denominated credit facilities at such time and (b) which may also reflect adjustments to account for (i) the effects of the transition from Adjusted LIBOR and LMIR to the Benchmark Replacement and (ii) yield- or risk-based differences between Adjusted LIBOR and LMIR and the Benchmark Replacement.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate”, the definition of “Tranche Period”, timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement 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 the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to Adjusted LIBOR and LMIR: (1) 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 Adjusted LIBOR and LMIR permanently or indefinitely ceases to provide Adjusted LIBOR and LMIR; or (2) in the case of clause (3) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

“Benchmark Replacement Floor” means the minimum rate of interest, if any, specified for Adjusted LIBOR and LMIR or, if no minimum rate of interest is specified, zero.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to Adjusted LIBOR and LMIR: (1) a public statement or publication of

information by or on behalf of the administrator of Adjusted LIBOR and LMIR announcing that such administrator has ceased or will cease to provide Adjusted LIBOR and LMIR, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide Adjusted LIBOR and LMIR; (2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Administrative Agent, the regulatory supervisor for the administrator of Adjusted LIBOR and LMIR, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for Adjusted LIBOR and LMIR, a resolution authority with jurisdiction over the administrator for Adjusted LIBOR and LMIR or a court or an entity with similar insolvency or resolution authority over the administrator for Adjusted LIBOR and LMIR, which states that the administrator of Adjusted LIBOR and LMIR has ceased or will cease to provide Adjusted LIBOR and LMIR permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide Adjusted LIBOR or LMIR; or (3) a public statement or publication of information by the regulatory supervisor for the administrator of Adjusted LIBOR and LMIR or a Governmental Authority having jurisdiction over the Administrative Agent announcing that Adjusted LIBOR and LMIR are no longer representative.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Adjusted LIBOR and LMIR and solely to the extent that Adjusted LIBOR and LMIR have not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced Adjusted LIBOR and LMIR for all purposes hereunder in accordance with Section 5.07 and (y) ending at the time that a Benchmark Replacement has replaced Adjusted LIBOR and LMIR for all purposes hereunder pursuant to Section 5.07.

“Early Opt-in Event” means a determination by the Administrative Agent that U.S. dollar-denominated credit facilities being executed at such time, or that include language similar to that contained in this Section 5.07, are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace Adjusted LIBOR and LMIR.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

ARTICLE VI

CONDITIONS TO EFFECTIVENESS AND CREDIT EXTENSIONS

Section 6.01. Conditions Precedent to Effectiveness. This Agreement shall become effective as of the Closing Date when (a) the Administrative Agent shall have received each of the documents, agreements (in fully executed form), opinions of counsel, lien search results, UCC filings, certificates and other deliverables to be executed and delivered on the Closing Date that are listed on the closing memorandum attached as Exhibit G-1 hereto, in each case, in form and substance acceptable to the Administrative Agent; (b) after giving effect to the transactions to

occur on or prior to the Closing Date, (i) the representations and warranties of of the Borrower and the Servicer contained in Sections 7.01 and 7.02, or which are contained in any document furnished at any time under or in connection herewith, shall be true and correct in all material respects (or in all respects if any such representation and warranty is already qualified by materiality) on and as of the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or in all respects if any such representation and warranty is already qualified by materiality) as of such earlier date, and (ii) no Event of Default shall exist and (b) all fees and expenses payable by the Borrower on the Closing Date to the Credit Parties have been paid in full in accordance with the terms of the Transaction Documents.

Section 6.02. Conditions Precedent to Initial Funding Date. The obligation of each Lender to make a Credit Extension on the Initial Funding Date shall be subject to the conditions precedent that:

- (a) the Closing Date shall have occurred;
- (b) the Spin-Off shall have been (or shall be, substantially concurrently with the Initial Funding Date) consummated;
- (c) on or before the Initial Funding Date, the Administrative Agent shall have received each of the documents, agreements (in fully executed form), opinions of counsel, lien search results, certificates and other deliverables to be executed and delivered on the Initial Funding Date that are listed on the closing memorandum attached as Exhibit G-2 hereto, in each case, in form and substance acceptable to the Administrative Agent;
- (d) the Borrower shall have delivered to the Administrative Agent and each Group Agent a Loan Request for such Loan, in accordance with Section 2.02(a);
- (e) on the date of such Credit Extension the following statements shall be true and correct (and upon the occurrence of such Credit Extension, the Borrower and the Servicer shall be deemed to have represented and warranted that such statements are then true and correct):
 - (i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 are true and correct in all material respects on and as of the date of such Credit Extension as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;
 - (ii) no Early Amortization Event, Event of Default or Unmatured Event of Default has occurred and is continuing, and no Early Amortization Event, Event of Default or Unmatured Event of Default would result from such Credit Extension;

- (iii) no Borrowing Base Deficit exists or would exist after giving effect to such Credit Extension;
- (iv) the Termination Date has not occurred; and
- (v) on or prior to the Initial Funding Date, any and all automatic sweep or other automatic deposit arrangements into each Collection Account that result in the deposit of amounts that do not constitute Collections shall have been terminated; provided that the condition precedent specified in this Section 6.02(e)(v) may be waived with the prior written consent of the Administrative Agent and each Lender, subject to its satisfaction within the number of days following the Initial Funding Date specified in such written consent and any other conditions specified therein.
- (f) the making of such Credit Extension will not result in any of the circumstances specified in Section 2.01(i) through (iv);
- (g) all fees and expenses payable by the Borrower on the Initial Funding Date to the Credit Parties have been paid in full in accordance with the terms of the Transaction Documents; and
- (h) the Administrative Agent and each Group Agent shall have received, to the extent requested by the Administrative Agent or such Group Agent, all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act. To the extent the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, the Administrative Agent and each Group Agent shall have received, to the extent requested by the Administrative Agent or such Group Agent, a Certificate of Beneficial Ownership with respect to the Borrower.

Section 6.03. Conditions Precedent to All Credit Extensions. Each Credit Extension hereunder after the Initial Funding Date shall be subject to the conditions precedent that:

- (a) the Borrower shall have delivered to the Administrative Agent and each Group Agent a Loan Request for such Loan, in accordance with Section 2.02(a);
- (b) the Servicer shall have delivered to the Administrative Agent and each Group Agent all Information Packages and Interim Reports required to be delivered hereunder;
- (c) the making of such Credit Extension will not result in any of the circumstances specified in Section 2.01(i) through (iv);
- (d) on the date of such Credit Extension the following statements shall be true and correct (and upon the occurrence of such Credit Extension, the Borrower and the

Servicer shall be deemed to have represented and warranted that such statements are then true and correct):

- (i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 are true and correct in all material respects on and as of the date of such Credit Extension as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;
- (ii) no Early Amortization Event, Event of Default or Unmatured Event of Default has occurred and is continuing, and no Early Amortization Event, Event of Default or Unmatured Event of Default would result from such Credit Extension;
- (iii) no Borrowing Base Deficit exists or would exist after giving effect to such Credit Extension; and
- (iv) the Termination Date has not occurred.

Section 6.04. Conditions Precedent to All Reinvestments. Each Reinvestment hereunder after the Initial Funding Date shall be subject to the conditions precedent that:

- (a) after giving effect to such Reinvestment, the Collection Accounts shall contain an amount of Collections sufficient to pay the sum of (x) all accrued and unpaid Servicing Fees, Interest, Fees and Breakage Fees, if any, (y) the amount of any Borrowing Base Deficit and (z) the amount of all other accrued and unpaid Borrower Obligations, in each case, that will be due and owing on the next Settlement Date; and
- (b) the Borrower shall use the proceeds of such Reinvestment solely to pay the purchase price for Receivables purchased by the Borrower in accordance with the terms of the Receivables Purchase Agreement and amounts owing by the Borrower to the Originators under the Subordinated Notes; and
- (c) on the date of such Reinvestment the following statements shall be true and correct (and upon the occurrence of such Reinvestment, the Borrower and the Servicer shall be deemed to have represented and warranted that such statements are then true and correct):
 - (i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 are true and correct in all material respects on and as of the date of such Reinvestment as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;

- (ii) no Early Amortization Event, Event of Default or Unmatured Event of Default has occurred and is continuing, and no Early Amortization Event, Event of Default or Unmatured Event of Default would result from such Reinvestment; and
- (iii) the Termination Date has not occurred.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

Section 7.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as of the Closing Date, on each Settlement Date, on each date on which any Information Package, Interim Report or other report is delivered to the Administrative Agent or any Lender hereunder, and on each day on which a Credit Extension or Reinvestment shall have occurred:

(a) *Organization and Good Standing.* The Borrower is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware and has full power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted.

(b) *Due Qualification.* The Borrower is duly qualified to do business, is in good standing as a foreign entity and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) *Power and Authority; Due Authorization.* The Borrower (i) has all necessary power and authority to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and (C) grant a security interest in the Collateral to the Administrative Agent on the terms and subject to the conditions herein provided and (ii) has duly authorized by all necessary action such grant and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party.

(d) *Binding Obligations.* This Agreement and each of the other Transaction Documents to which the Borrower is a party constitutes the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) *No Conflict or Violation.* The execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement and the other Transaction Documents to which it is a party, and the fulfillment of the terms hereof and thereof, will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under its organizational documents or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other material agreement or instrument to which the Borrower is a party or by which it or any of its properties is bound, (ii) result in the creation or imposition of any Adverse Claim upon any of the Collateral pursuant to the terms of any such indenture, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument other than this Agreement and the other Transaction Documents or (iii) conflict with or violate in any material respect any Applicable Law.

(f) *Litigation and Other Proceedings.* (i) There is no action, suit, proceeding or investigation pending or, to the knowledge of the Borrower, threatened in writing, against the Borrower before any Governmental Authority and (ii) the Borrower is not subject to any order, judgment, decree, injunction, stipulation or consent order of or with any Governmental Authority that, in the case of either of the foregoing clauses (i) and (ii), (A) asserts the invalidity of this Agreement or any other Transaction Document, (B) seeks to prevent the grant of a security interest in any Collateral by the Borrower to the Administrative Agent, the ownership or acquisition by the Borrower of any Pool Receivables or other Collateral or the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document, (C) seeks any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Borrower of its obligations under, or the validity or enforceability of, this Agreement or any other Transaction Document or (D) individually or in the aggregate for all such actions, suits, proceedings and investigations could reasonably be expected to have a Material Adverse Effect.

(g) *Governmental Approvals.* Except where the failure to obtain or make such authorization, consent, order, approval or action could not reasonably be expected to have a Material Adverse Effect, all authorizations, consents, orders and approvals of, or other actions by, any Governmental Authority that are required to be obtained by the Borrower in connection with the grant of a security interest in the Collateral to the Administrative Agent hereunder or the due execution, delivery and performance by the Borrower of this Agreement or any other Transaction Document to which it is a party and the consummation by the Borrower of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party have been obtained or made and are in full force and effect.

(h) *Margin Regulations.* The Borrower is not engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meanings of Regulations T, U and X of the Board of Governors of the Federal Reserve System).

(i) *Taxes.* The Borrower has (i) timely filed or caused to be filed all material Tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all Taxes, assessments and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, if any, other than (a) Taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings, (b) as to which adequate reserves have been provided in accordance with GAAP or (c) to the extent that failure to do so could not reasonably be expected to result in a Material Adverse Effect. The Borrower is a member of a U.S. consolidated group the parent of which has assumed primarily responsibility for payment of any Taxes accruing to Borrower for U.S. federal income tax purposes.

(j) *Solvency.* After giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, the Borrower is Solvent.

(k) *Offices; Legal Name.* The Borrower's sole jurisdiction of organization is the State of Delaware and such jurisdiction has not changed within four months prior to the date of this Agreement. The office of the Borrower is located at the applicable address specified on Schedule III hereto. The legal name of the Borrower is Concentrix Receivables, Inc.

(l) *Investment Company Act.* The Borrower is not, and is not controlled by, an "investment company" registered or required to be registered under the Investment Company Act. The Borrower is not a "covered fund" under Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder (the "Volcker Rule"). In determining that Borrower is not a "covered fund" under the Volcker Rule, although other exemptions or exclusions under the Investment Company Act may apply, the Borrower relies on, and is entitled to rely on, the exemption from the definition of "investment company" set forth in Section 3(c)(5) of the Investment Company Act and does not rely solely on the exemption from the definition of "investment company" set forth in Section 3(c)(1) and/or 3(c)(7) of the Investment Company Act.

(m) *No Material Adverse Effect.* Since the date of formation of the Borrower there has been no Material Adverse Effect with respect to the Borrower.

(n) *Accuracy of Information.* All Information Packages, Interim Reports, Loan Requests, certificates, reports, financial statements, documents and other information furnished in writing to the Administrative Agent or any other Credit Party by or on behalf of the Borrower pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Credit Party, and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein in the light of the circumstances under which they were made, not misleading; *provided* that, with respect to projected business plans, forecasts and other projected financial information, the Borrower represents only that such information was

prepared in good faith based upon assumptions believed to be reasonable at the time, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, the Borrower's reasonable estimate of its plans, forecasts or projections, as applicable, based on the information available at the time (it being acknowledged that actual results may vary, and such variations may be material).

(o) *Anti-Money Laundering/International Trade Law Compliance.* No Covered Entity is a Sanctioned Person. To the Borrower's actual knowledge, no Obligor was a Sanctioned Person at the time of origination of any Pool Receivable owing by such Obligor. No Covered Entity, either in its own right or through any third party, (i) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person or (ii) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person, in each case in violation of any Anti-Terrorism Law. The Borrower and, to the Borrower's knowledge, the Obligors have conducted their business in compliance in all material respects with all applicable Sanctions and in compliance with any other Anti-Terrorism Law and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

(p) *[Reserved]*.

(q) *Perfection Representations.* (i) This Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in the Borrower's right, title and interest in, to and under the Collateral which (A) security interest has been perfected and is enforceable against creditors of and purchasers from the Borrower and (B) will be free of all Adverse Claims in such Collateral.

(ii) The Receivables constitute "accounts" or "general intangibles" within the meaning of Section 9-102 of the UCC.

(iii) The Borrower owns and has good and marketable title to the Collateral free and clear of any Adverse Claim of any Person.

(iv) All appropriate financing statements, financing statement amendments and continuation statements have been filed in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect (and continue the perfection of) the sale of the Receivables and Related Security from each Originator to the Borrower pursuant to the Receivables Purchase Agreement and the Administrative Agent's security interest in the Collateral.

(v) Other than the security interest granted to the Administrative Agent pursuant to this Agreement, the Borrower has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral except as permitted by this Agreement and the other Transaction Documents. The Borrower has not authorized the filing of and is not aware of any financing statements filed against the Borrower that

include a description of collateral covering the Collateral other than any financing statement (i) in favor of the Administrative Agent, (ii) that has been terminated or (iii) which, in respect of any Collateral covered under such financing statement or other lien filing, such Collateral has been or will be, upon the sale or contribution of such Collateral pursuant to the Transaction Documents, released under the governing documents establishing the lien or security interest described by such financing statement or other lien filing. The Borrower is not aware of any judgment lien, ERISA lien or tax lien filings against the Borrower.

(vi) Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Section 7.01(q) shall be continuing and shall remain in full force and effect until the Final Payout Date.

(r) *The Lock-Boxes and Collection Accounts.*

(i) *Nature of Collection Accounts.* Each Collection Account constitutes a “deposit account” within the meaning of the applicable UCC.

(ii) *Ownership.* Each Lock-Box and Collection Account is in the name of the Borrower, and the Borrower owns and has good and marketable title to the Collection Accounts free and clear of any Adverse Claim.

(iii) *Perfection.* The Borrower has delivered to the Administrative Agent a fully executed Account Control Agreement relating to each Lock-Box and Collection Account, pursuant to which each applicable Collection Account Bank has agreed to comply with the instructions originated by the Administrative Agent directing the disposition of funds in such Lock-Box and Collection Account without further consent by the Borrower, the Servicer or any other Person. The Administrative Agent has “control” (as defined in Section 9-104 of the UCC) over each Collection Account.

(iv) *Instructions.* Neither the Lock-Boxes nor the Collection Accounts are in the name of any Person other than the Borrower. Neither the Borrower nor the Servicer has consented to the applicable Collection Account Bank complying with instructions of any Person other than the Administrative Agent.

(s) *Ordinary Course of Business.* Each remittance of Collections by or on behalf of the Borrower to the Credit Parties under this Agreement will have been (i) in payment of a debt incurred by the Borrower in the ordinary course of business or financial affairs of the Borrower and (ii) made in the ordinary course of business or financial affairs of the Borrower.

(t) *Compliance with Law.* The Borrower has complied in all material respects with all Applicable Laws to which it may be subject.

- (u) *Bulk Sales Act*. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.
- (v) *Eligible Receivables*. Each Receivable included as an Eligible Receivable in the calculation of the Net Receivables Pool Balance as of any date is an Eligible Receivable as of such date.
- (w) *[Reserved]*.
- (x) *Other Transaction Documents*. Each representation and warranty made by the Borrower under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made, unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date.
- (y) *Liquidity Coverage Ratio*. The Borrower does not, and will not during this Agreement, issue any LCR Security. The Borrower further represents and warrants that its assets and liabilities are consolidated with the assets and liabilities of the Performance Guarantor for purposes of GAAP.
- (z) *Events of Default*. No Event of Default or Unmatured Event of Default has occurred and is continuing.
- (aa) *Beneficial Ownership Regulation*. As of the Closing Date, the Borrower is an entity that is organized under the laws of the United States or of any state and at least 51% of whose common stock or analogous equity interest is owned directly or indirectly by a company listed on the New York Stock Exchange or the American Stock Exchange or designated as a NASDAQ National Market Security listed on the NASDAQ stock exchange and is excluded on that basis from the definition of "Legal Entity Customer" as defined in the Beneficial Ownership Regulation.

Section 7.02. Representations and Warranties of the Servicer. The Servicer represents and warrants as of the Closing Date, on each Settlement Date, on each date on which any Information Package, Interim Report or other report is delivered to the Administrative Agent or any Lender hereunder, and on each day on which a Credit Extension or Reinvestment shall have occurred:

- (a) *Organization and Good Standing*. The Servicer is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware, with the power and authority under its organizational documents and under the laws of the State of Delaware to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted.
- (b) *Due Qualification*. The Servicer is duly qualified to do business, is in good standing as a foreign entity and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business or the servicing of the Pool Receivables as required by this Agreement requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) *Power and Authority; Due Authorization.* The Servicer has all necessary power and authority to (i) execute and deliver this Agreement and the other Transaction Documents to which it is a party and (ii) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party have been duly authorized by the Servicer by all necessary action.

(d) *Binding Obligations.* This Agreement and each of the other Transaction Documents to which it is a party constitutes legal, valid and binding obligations of the Servicer, enforceable against the Servicer in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) *No Conflict or Violation.* The execution and delivery of this Agreement and each other Transaction Document to which the Servicer is a party, the performance of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms of this Agreement and the other Transaction Documents by the Servicer will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under, the organizational documents of the Servicer, the Credit Agreement or any other indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust or other agreement or instrument to which the Servicer is a party or by which it or any of its property is bound, (ii) result in the creation or imposition of any Adverse Claim upon the Collateral or (other than Permitted Encumbrances) any of its properties pursuant to the terms of any such indenture, credit agreement, loan agreement, security agreement, mortgage, deed of trust or other agreement or instrument, other than this Agreement and the other Transaction Documents or (iii) conflict with or violate any Applicable Law, except in each case to the extent that any such conflict, breach, default, Adverse Claim or violation could not reasonably be expected to have a Material Adverse Effect.

(f) *Litigation and Other Proceedings.* There is no action, suit, proceeding or investigation pending, or to the Servicer's knowledge threatened in writing, against the Servicer before any Governmental Authority: (i) asserting the invalidity of this Agreement or any of the other Transaction Documents; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document; or (iii) is reasonably likely to be adversely determined and, if adversely determined, could reasonably be expected to materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement or any of the other Transaction Documents.

(g) *No Consents.* The Servicer is not required to obtain the consent of any other party or any consent, license, approval, registration, authorization or declaration of or with any Governmental Authority in connection with the execution, delivery, or performance of this Agreement or any other Transaction Document to which it is a party that has not already been obtained or the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect.

(h) *Compliance with Applicable Law.* The Servicer (i) has maintained in effect all qualifications required under Applicable Law in order to properly service the Pool Receivables and (ii) has complied with all Applicable Law in connection with servicing the Pool Receivables except in each case in such instances in which the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

(i) *Accuracy of Information.* All Information Packages, Interim Reports, Loan Requests, certificates, reports, financial statements, documents and other information furnished to the Administrative Agent or any other Credit Party in writing (by the Servicer pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Credit Party, and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein in light of the circumstances under which they were made, not misleading; *provided* that, with respect to projected business plans, forecasts and other projected financial information, the Servicer represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, the Servicer's reasonable estimate of its plans, forecasts or projections, as applicable, based on the information available at the time (it being acknowledged that actual results may vary, and such variations may be material).

(j) *Location of Records.* The offices where the initial Servicer keeps all of its records relating to the servicing of the Pool Receivables are located at 201 East 4th Street, Cincinnati, OH 45202.

(k) *Credit and Collection Policy.* The Servicer has complied in all material respects with the Credit and Collection Policy with regard to each Pool Receivable and the related Contracts.

(l) *Eligible Receivables.* Each Receivable included as an Eligible Receivable in the calculation of the Net Receivables Pool Balance as of any date is an Eligible Receivable as of such date.

(m) *Servicing Programs.* No license or approval is required for the Administrative Agent's use of any software or other computer program used by the Servicer, any Originator or any Sub-Servicer in the servicing of the Pool Receivables, other than those which have been obtained and are in full force and effect.

(n) *Servicing of Pool Receivables*. Since the Closing Date there has been no material adverse change in the ability of the Servicer or any Sub-Servicer to service and collect the Pool Receivables and the Related Security (taken as a whole).

(o) *Other Transaction Documents*. Each representation and warranty made by the Servicer under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made, unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date.

(p) *No Material Adverse Effect*. Since November 30, 2019 there has been no Material Adverse Effect with respect to the Servicer.

(q) *Investment Company Act*. The Servicer is not an “investment company,” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act.

(r) *Anti-Money Laundering/International Trade Law Compliance*. No Covered Entity is a Sanctioned Person. To the Servicer’s knowledge, no Obligor was a Sanctioned Person at the time of origination of any Pool Receivable owing by such Obligor. No Covered Entity, either in its own right or through any third party, (i) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person or (ii) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person, in each case in violation of any Anti-Terrorism Law. The Servicer, its Subsidiaries and, to the Servicer’s knowledge, the Obligors have conducted their business in compliance in all material respects with all applicable Sanctions and in compliance with any other Anti-Terrorism Law and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

(s) *[Reserved]*.

(t) *Financial Condition*. The combined balance sheet of the customer experience services business of SYNEX Corporation (the “CX Business”) as of August 31, 2020 and the related statements of operations and parent equity of the CX Business for the nine months then ended, copies of which have been furnished to the Administrative Agent and the Group Agents, present fairly in all material respects the combined financial position of the CX Business for the period ended on such date, all in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes.

(u) *Bulk Sales Act*. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.

(v) *Taxes*. The Servicer has (i) timely filed or caused to be filed all material tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges, levied or imposed upon it or its properties, income or assets otherwise due and payable, if any, other than (a) taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings, (b) as to which adequate reserves have been provided in accordance with GAAP or (c) to the extent that failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(w) *[Reserved]*.

(x) *Events of Default*. No Event of Default or Unmatured Event of Default has occurred and is continuing.

ARTICLE VIII

COVENANTS

Section 8.01. Covenants of the Borrower. At all times from the Closing Date until the Final Payout Date:

(a) *Payment of Principal and Interest*. The Borrower shall duly and punctually pay Capital, Interest, Fees and all other amounts payable by the Borrower hereunder in accordance with the terms of this Agreement.

(b) *Existence*. The Borrower shall keep in full force and effect its existence and rights as a corporation under the laws of the State of Delaware, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Transaction Documents and the Collateral to the extent that the failure to do so could reasonably be expected to have a Material Adverse Effect.

(c) *Financial Reporting*. The Borrower will maintain a system of accounting established and administered in accordance with GAAP, and the Borrower (or the Servicer on its behalf) shall furnish to the Administrative Agent and each Group Agent:

(i) *Annual Financial Statements of the Borrower*. Promptly upon completion and in no event later than 90 days after the close of each fiscal year of the Borrower (or, if earlier, the date on which the financial statements described in clause (v) below are delivered), annual unaudited financial statements of the Borrower certified by a Financial Officer of the Borrower that they fairly present in all material respects, in accordance with GAAP, the financial condition of the Borrower as of the date indicated and the results of its operations for the periods indicated.

(ii) *Information Packages and Interim Reports.* As soon as available and in any event not later than two (2) Business Days prior to each Settlement Date, an Information Package as of the most recently completed Fiscal Month; provided, that (1) upon five (5) Business Days prior notice from the Administrative Agent (acting by itself or at the direction of the Majority Group Agents) at any time (x) after the occurrence of a Liquidity Event, (y) in the event the Delinquency Ratio exceeds 2.75% or (z) in the event the Dilution Ratio exceeds 2.25%, the Borrower shall furnish or cause to be furnished to the Administrative Agent and each Group Agent on a weekly basis (until otherwise notified by the Administrative Agent or if the request was made at the direction of the Majority Group Agents, the Majority Group Agents) by the close of business on the first Business Day of each week, an Interim Report with respect to the Pool Receivables with data as of the close of business on the last Business Day of the most recently completed week, and (2) at any time after the occurrence and during the continuance of an Event of Default, upon prior notice from the Administrative Agent, the Borrower shall furnish or cause to be furnished to the Administrative Agent and each Group Agent on each Business Day (until otherwise notified by the Administrative Agent), an Interim Report with respect to the Pool Receivables with data as of the close of business on the immediately preceding Business Day.

(iii) *Other Information.* Such other information (including non-financial information) as the Administrative Agent or any Group Agent may from time to time reasonably request.

(iv) *Quarterly Financial Statements of Performance Guarantor.* As soon as available and in no event later than 45 days following the end of each of the first three fiscal quarters in each of the Performance Guarantor's fiscal years (or, if applicable, the date on which the financial statements described in this clause (iv) are required to be filed with the SEC), the unaudited consolidated balance sheet and statements of income of the Performance Guarantor and its consolidated Subsidiaries as at the end of such fiscal quarter and the related unaudited consolidated statements of earnings and cash flows for such fiscal quarter and for the elapsed portion of the fiscal year ended with the last day of such fiscal quarter, in each case setting forth comparative figures for the corresponding fiscal quarter in the prior fiscal year, all of which shall be certified by a Financial Officer of the Performance Guarantor that they fairly present in all material respects, in accordance with GAAP, the financial condition of the Performance Guarantor and its consolidated Subsidiaries as of the dates indicated and the results of their operations for the periods indicated, subject to normal year-end audit adjustments and the absence of footnotes.

(v) *Annual Financial Statements of Performance Guarantor.* Within 90 days after the close of each of the Performance Guarantor's fiscal years (or, if applicable, the date on which the financial statements described in this clause (v) are required to be filed with the SEC), the consolidated balance sheet of the Performance Guarantor and its consolidated Subsidiaries as at the end of such fiscal

year and the related consolidated statements of earnings and cash flows for such fiscal year setting forth comparative figures for the preceding fiscal year, all reported on by independent certified public accountants of recognized national standing (without (x) a "going concern" or like qualification or exception or (y) a qualification as to the scope of the audit) to the effect that such consolidated financial statements present fairly in all material respects, in accordance with GAAP, the financial condition of the Performance Guarantor and its consolidated Subsidiaries as of the dates indicated and the results of their operations for the periods indicated.

(vi) *Other Reports and Filings.* Promptly (but in any event within 10 days) after the filing or delivery thereof, copies of all financial information, proxy materials and reports, if any, which the Performance Guarantor or any of its consolidated Subsidiaries shall publicly file with the SEC or deliver to holders (or any trustee, agent or other representative therefor) of any of its material Debt pursuant to the terms of the documentation governing the same.

(vii) Notwithstanding anything herein to the contrary, any financial information, proxy statements or other material required to be delivered pursuant to this paragraph (c) shall be deemed to have been furnished to each of the Administrative Agent and each Group Agent on the date that such report, proxy statement or other material is posted on the SEC's website at www.sec.gov.

(d) *Notices.* The Borrower (or the Servicer on its behalf) will notify the Administrative Agent and each Group Agent in writing of any of the following events promptly upon (but in no event later than two (2) Business Days after (other than with respect to clause (v) below)) a Financial Officer or other officer learning of the occurrence thereof:

(i) *Notice of Events of Default or Unmatured Events of Default.* A statement of a Financial Officer of the Borrower setting forth details of any Event of Default or Unmatured Event of Default that has occurred and is continuing and the action which the Borrower has taken or proposes to take with respect thereto.

(ii) *Litigation.* The institution of any litigation, arbitration proceeding or governmental proceeding with respect to the Borrower, the Servicer, the Performance Guarantor or any Originator, which with respect to any Person other than the Borrower, could reasonably be expected to have a Material Adverse Effect.

(iii) *Adverse Claim.* (A) Any Person shall obtain an Adverse Claim upon the Collateral or any material portion thereof, (B) any Person other than the Borrower, the Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Collection Account (or related Lock-Box) or (C) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Borrower, the Servicer or the Administrative Agent which is not acknowledged by the applicable Obligor as fraudulent or ineffective.

(iv) *Name Changes.* At least thirty (30) days before any change in any Originator's or the Borrower's name, jurisdiction of organization or any other change requiring the amendment of UCC financing statements, a notice setting forth such changes and the effective date thereof.

(v) *Change in Accountants or Accounting Policy.* Any change in (i) the external accountants of the Borrower, the Servicer, any Originator, or the Performance Guarantor, (ii) any accounting policy of the Borrower which materially affects the treatment of the Pool Receivables or (iii) any material accounting policy of any Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which any Originator accounts for the Pool Receivables shall be deemed "material" for such purpose).

(vi) *Receivables Purchase Agreement Termination Event.* The occurrence of a Receivables Purchase Agreement Termination Event under the Receivables Purchase Agreement.

(vii) *Material Adverse Change.* The occurrence of any Material Adverse Effect with respect to the Borrower, the Servicer, any Originator, or the Performance Guarantor.

(e) *Conduct of Business.* The Borrower will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and will do all things necessary to remain duly organized, validly existing and in good standing as a domestic organization in its jurisdiction of organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted if the failure to have such authority could reasonably be expected to have a Material Adverse Effect.

(f) *Compliance with Laws.* The Borrower will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a Material Adverse Effect.

(g) *Furnishing of Information and Inspection of Receivables.* The Borrower will furnish or cause to be furnished to the Administrative Agent and each Group Agent from time to time such information with respect to the Pool Receivables and the other Collateral as the Administrative Agent, any Group Agent or any Lender may reasonably request. The Borrower will, at the Borrower's expense, during regular business hours with reasonable prior written notice (i) permit the Administrative Agent and each Group Agent or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables or other Collateral in the possession or under the control of the Borrower or its Affiliates or agents, (B) visit the

offices and properties of the Borrower for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables, the other Collateral or the Borrower's performance hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors, employees of the Borrower (provided that representatives of the Borrower are present during such discussions) having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at the Borrower's expense, upon reasonable prior written notice from the Administrative Agent, permit certified public accountants or other auditors acceptable to the Administrative Agent to conduct a review of its books and records with respect to such Pool Receivables and other Collateral; *provided*, that the Borrower shall be required to reimburse the Administrative Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period, unless an Event of Default has occurred and is continuing.

(h) *Payments on Receivables, Collection Accounts.* Prior to the Initial Funding Date, the Borrower (or the Servicer on its behalf) will promptly distribute any amounts deposited into the Collection Accounts with respect to Receivables owned by the Originators to accounts maintained by the Servicer or the Originators. On and after the Initial Funding Date, the Borrower (or the Servicer on its behalf) will, and will cause each Originator to, at all times, instruct all Obligor to deliver payments on the Pool Receivables (other than Foreign Currency Receivables) to a Collection Account or, solely with respect to Physical Check Obligors, to a Lock-Box or directly to the Servicer or the applicable Originator. The Borrower (or the Servicer on its behalf) will, and will cause each Originator to, at all times, maintain such books and records necessary to identify Collections received from time to time on Pool Receivables and to segregate such Collections from other property of the Servicer and the Originators. If any payments on the Pool Receivables (other than Foreign Currency Receivables) or other Collections are received by the Borrower (other than in a Collection Account), the Servicer or an Originator, it shall hold such payments in trust for the benefit of the Administrative Agent, the Group Agents, the Lenders and the other Secured Parties and promptly (but in any event within two (2) Business Days after receipt) remit such funds into a Collection Account; *provided* that with respect to Collections in the form of checks received from Physical Check Obligors received by the Servicer or an Originator, such Servicer or Originator shall promptly (but in any event within two (2) Business Days after receipt) remit such funds into a Collection Account. The Borrower (or the Servicer on its behalf) will use commercially reasonable efforts to cause each Collection Account Bank to comply with the terms of each applicable Account Control Agreement. At all times after the Closing Date, the Borrower shall not permit funds other than Collections on Pool Receivables and other Collateral to be deposited into any Collection Account. If such funds are nevertheless deposited into any Collection Account, the Borrower (or the Servicer on its behalf) will within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. At all times after the Initial Funding Date, the Borrower will not, and will not permit the Servicer, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Group Agent, any Lender or any other Secured Party is entitled, with any other funds. The Borrower shall only add a Collection Account (or a related Lock-Box) or a Collection Account Bank to

those listed on Schedule II to this Agreement, if the Administrative Agent has received notice of such addition and an executed and acknowledged copy of an Account Control Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Collection Account Bank. The Borrower shall only terminate a Collection Account Bank or close a Collection Account (or a related Lock-Box) with the prior written consent of the Administrative Agent.

(i) *Sales, Liens, etc.* Except as otherwise provided herein, the Borrower will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Pool Receivable or other Collateral, or assign any right to receive income in respect thereof.

(j) *Extension or Amendment of Pool Receivables.* Except as otherwise permitted in Section 9.02, the Borrower will not, and will not permit the Servicer to, alter the delinquency status or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract that affects or could affect any Pool Receivable. The Borrower shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract.

(k) *Change in Credit and Collection Policy.* The Borrower will not make any material change in the Credit and Collection Policy without the prior written consent of the Administrative Agent. Promptly following any change in the Credit and Collection Policy, the Borrower will deliver a copy of the updated Credit and Collection Policy to the Administrative Agent and each Group Agent.

(l) *Fundamental Changes.* The Borrower shall not, without the prior written consent of the Administrative Agent and the Majority Group Agents, permit itself (i) to merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, (ii) undertake any division of its rights, assets, obligations or liabilities pursuant to a plan of division or otherwise pursuant to Applicable Law or (iii) to be directly owned by any Person other than the Performance Guarantor. The Borrower shall not, without the prior written consent of the Administrative Agent and the Majority Group Agents, make any change in the Borrower's name, identity, corporate structure or location or make any other change in the Borrower's identity or corporate structure that could impair or otherwise render any UCC financing statement filed in connection with this Agreement or any other Transaction Document "seriously misleading" as such term (or similar term) is used in the applicable UCC.

(m) *Books and Records.* The Borrower shall maintain and implement (or cause the Servicer to maintain and implement) administrative and operating procedures

(including an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain (or cause the Servicer to keep and maintain) all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Pool Receivables (including records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(n) *Identifying of Records.* The Borrower shall: (i) identify (or cause the Servicer to identify) its master data processing records relating to Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been pledged in accordance with this Agreement and (ii) cause each Originator so to identify its master data processing records with such a legend.

(o) *Change in Payment Instructions to Obligors.* The Borrower shall not (and shall not permit the Servicer or any Sub-Servicer to) add, replace or terminate any Collection Account (or any related Lock-Box) or make any change in its (or their) instructions to the Obligors regarding payments to be made to the Collection Accounts or, solely with respect to Physical Check Obligors, to a Lock-Box or directly to the Servicer or the applicable Originator, other than any instruction to remit payments to a different Collection Account (or, with respect to any Physical Check Obligor, a different related Lock-Box or the Servicer or the applicable Originator), unless the Administrative Agent shall have received (i) prior written notice of such addition, termination or change and (ii) a signed and acknowledged Account Control Agreement (or an amendment thereto) with respect to such new Collection Account (or any related Lock-Box), and the Administrative Agent shall have consented to such change in writing.

(p) *Security Interest, Etc.* The Borrower shall (and shall cause the Servicer to), at its expense, take all action necessary or reasonably desirable to establish and maintain a valid and enforceable first priority perfected security interest in the Collateral, in each case free and clear of any Adverse Claim, in favor of the Administrative Agent (on behalf of the Secured Parties), including taking such action to perfect, protect or more fully evidence the security interest of the Administrative Agent (on behalf of the Secured Parties) as the Administrative Agent may reasonably request. In order to evidence the security interests of the Administrative Agent under this Agreement, the Borrower shall, from time to time take such action, or execute and deliver such instruments as may be necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in the Receivables, Related Security and Collections. The Borrower shall, from time to time and within the time limits established by applicable law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize the Borrower to file such financing statements under the UCC without the signature of the Borrower, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else

in the Transaction Documents to the contrary, the Borrower shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes any Collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(q) *Certain Agreements.* Without the prior written consent of the Administrative Agent and the Majority Group Agents, the Borrower will not (and will not give consent to or otherwise permit any Originator or the Servicer to) amend, modify, waive, revoke or terminate any Transaction Document to which it is a party or any provision of the Borrower's organizational documents which requires the consent of the "Independent Director" (as such term is used in the Borrower's organizational documents).

(r) *Restricted Payments.* (i) Except pursuant to clause (ii) below, the Borrower will not: (A) purchase or redeem any of its equity interests, (B) declare or pay any dividend or set aside any funds for any such purpose, (C) prepay, purchase or redeem any Debt (other than any Borrower Obligations), (D) lend or advance any funds or (E) repay any loans or advances to, for or from any of its Affiliates (the amounts described in clauses (A) through (E) being referred to as "Restricted Payments").

(ii) Subject to the limitations set forth in clause (iii) below, the Borrower may make Restricted Payments so long as such Restricted Payments are made only in one or more of the following ways: (A) the Borrower may make cash payments (including prepayments) on the Subordinated Notes in accordance with their respective terms and (B) the Borrower may declare and pay dividends if, both immediately before and immediately after giving effect thereto, the Borrower's Net Worth is not less than the Required Capital Amount.

(iii) The Borrower may make Restricted Payments only out of the funds, if any, it receives pursuant to Section 4.01 of this Agreement; *provided* that the Borrower shall not pay, make or declare any Restricted Payment (including any dividend) if, after giving effect thereto, any Early Amortization Event, Event of Default or Unmatured Event of Default shall have occurred and be continuing.

(s) *Other Business.* The Borrower will not: (i) engage in any business other than the transactions contemplated by the Transaction Documents, (ii) create, incur or permit to exist any Debt of any kind (or cause or permit to be issued for its account any letters of credit or bankers' acceptances) other than pursuant to this Agreement or the other Transaction Documents or (iii) form any Subsidiary or make any investments in any other Person.

(t) *Use of Collections Available to the Borrower.* The Borrower shall apply the Collections available to the Borrower to make payments in the following order of priority: (i) the payment of its obligations under this Agreement and each of the other Transaction Documents (other than the Subordinated Notes), (ii) the payment of accrued and unpaid interest on the Subordinated Notes and (iii) other legal and valid purposes.

(u) *Further Assurances; Change in Name or Jurisdiction of Origination, etc.* (i) The Borrower hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted pursuant to this Agreement or any other Transaction Document, or to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce the Secured Parties' rights and remedies under this Agreement and the other Transaction Documents. Without limiting the foregoing, the Borrower hereby authorizes, and will, upon the request of the Administrative Agent, at the Borrower's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing. Upon the occurrence and during the continuance of an Event of Default, the Borrower shall take such actions and provide such documentation (and hereby authorizes the Administrative Agent to do the same) as may be requested by the Administrative Agent in order to satisfy the requirements of the Assignment of Claims Act of 1940, and any similar state legislation, with respect to any Receivable the Obligor of which is a United States federal, state or local Governmental Authority.

(ii) The Borrower authorizes the Administrative Agent to file financing statements, continuation statements and amendments thereto and assignments thereof, relating to the Receivables, the Related Security, the related Contracts, Collections with respect thereto and the other Collateral without the signature of the Borrower. A photocopy or other reproduction of this Agreement shall be sufficient as a financing statement where permitted by law.

(iii) The Borrower shall at all times be organized under the laws of the State of Delaware and shall not take any action to change its jurisdiction of organization.

(iv) The Borrower will not change its name, location, identity or corporate structure unless (x) the Borrower, at its own expense, shall have taken all action necessary or appropriate to perfect or maintain the perfection of the security interest under this Agreement (including, without limitation, the filing of all financing statements and the taking of such other action as the Administrative Agent may reasonably request in connection with such change or relocation) and (y) if requested by the Administrative Agent, the Borrower shall cause to be delivered to the Administrative Agent, an opinion, in form and substance reasonably satisfactory to the Administrative Agent as to such UCC perfection and priority matters as the Administrative Agent may request at such time.

(v) *OFAC.* The Borrower has not used and will not use the proceeds of any Credit Extension to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country.

(w) *Anti-Money Laundering/International Trade Law Compliance.* The Borrower will not become a Sanctioned Person. No Covered Entity, either in its own right or through any third party, will (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; (b) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the proceeds of any Credit Extension to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Country or Sanctioned Person, in each case of clauses (a) through (d) in violation of any Anti-Terrorism Law. The Borrower shall comply with all Anti-Terrorism Laws applicable to it. The Borrower shall promptly notify the Administrative Agent and each Lender in writing upon the occurrence of a Reportable Compliance Event.

(x) *[Reserved]*.

(y) *Borrower's Net Worth.* The Borrower shall not permit the Borrower's Net Worth to be less than the Required Capital Amount, *provided*, that the foregoing shall not require the Performance Guarantor to make any additional capital contributions to the Borrower.

(z) *Credit Risk Retention.* The Borrower shall cooperate with each Lender (including by providing such information and entering into or delivering such additional agreements or documents reasonably requested by such Lender) to the extent reasonably necessary to assure such Lender that the Originators retain credit risk in the amount and manner required by the Credit Risk Retention Rules and to permit such Lender to perform its due diligence and monitoring obligations (if any) under the Credit Risk Retention Rules.

(aa) *Minimum Funding Threshold.* The Borrower shall not permit Aggregate Capital to be less than the applicable Minimum Funding Threshold, subject to the exemption provided in [Section 2.02\(d\)](#).

(bb) *Payment of Obligations; Tax Status.* The Borrower will pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including Tax liabilities, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect. The Borrower shall maintain its status as a member of a U.S. consolidated group the parent of which has assumed primary responsibility for payment of U.S. federal income taxes accruing to Borrower. To the extent Borrower maintains its status as a member of a U.S. consolidated group, Borrower's obligation to pay Tax liabilities will be deemed to be satisfied by the parent of such group making payment of such Tax liabilities.

(cc) *Liquidity Coverage Ratio.* The Borrower shall not issue any LCR Security.

(dd) *Beneficial Ownership Regulation.* Promptly following any change that would result in a change to the status as an excluded “Legal Entity Customer” under (and as defined in) the Beneficial Ownership Regulation, the Borrower shall execute and deliver to the Administrative Agent a Certificate of Beneficial Ownership complying with the Beneficial Ownership Regulation, in form and substance reasonably acceptable to the Administrative Agent.

(ee) *Linked Accounts.* At any time after the occurrence and during the continuance of an Early Amortization Event or an Event of Default, upon the request of the Administrative Agent in its sole discretion, the Borrower shall cause any requested deposit accounts or other similar accounts that constitute “linked accounts” under any of the Account Control Agreements to be de-linked from the applicable Collection Account such that such deposit account or other similar account no longer constitutes a “linked account” to such Collection Account under the terms of the applicable Account Control Agreement.

Section 8.02. Covenants of the Servicer. At all times from the Closing Date until the Final Payout Date:

(a) *Existence.* The Servicer shall keep in full force and effect its existence and rights as a corporation or other entity under the laws of the State of Delaware. The Servicer shall obtain and preserve its qualification to do business in each jurisdiction in which the conduct of its business or the servicing of the Pool Receivables as required by this Agreement requires such qualification, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) *Financial Reporting.* The Servicer will maintain a system of accounting established and administered in accordance with GAAP, and the Servicer shall furnish to the Administrative Agent and each Group Agent:

(i) *Compliance Certificates.* (a) A compliance certificate promptly upon delivery to the Administrative Agent and each Group Agent of the audited financial statements pursuant to Section 8.01(c)(v) and in no event later than 90 days after the close of the Performance Guarantor’s fiscal year, in form and substance substantially similar to Exhibit F signed by a Financial Officer of the Servicer solely in his or her capacity as an officer of the Servicer stating that no Event of Default or Unmatured Event of Default has occurred and is continuing, or if any Event of Default or Unmatured Event of Default has occurred and is continuing, stating the nature and status thereof and (b) within 45 days after the close of each fiscal quarter of the Performance Guarantor, a compliance certificate in form and substance substantially similar to Exhibit F signed by a Financial Officer of the Servicer solely in his or her capacity as an officer of the Servicer stating that no Event of Default or Unmatured Event of Default has occurred and is continuing, or if any Event of Default or Unmatured Event of Default has occurred and is continuing, stating the nature and status thereof.

(ii) *Information Packages and Interim Reports.* As soon as available and in any event not later than two (2) Business Days prior to each Settlement Date, an Information Package as of the most recently completed Fiscal Month; provided, that (x) upon five (5) Business Days prior notice from the Administrative Agent (acting by itself or at the direction of the Majority Group Agents) at any time after the occurrence of a Liquidity Event, the Servicer shall furnish or cause to be furnished to the Administrative Agent and each Group Agent on a weekly basis (until otherwise notified by the Administrative Agent or if the request was made at the direction of the Majority Group Agents, the Majority Group Agents) by the close of business on the first Business Day of each week, an Interim Report with respect to the Pool Receivables with data as of the close of business on the last Business Day of the most recently completed week, and (y) at any time after the occurrence and during the continuance of an Event of Default, upon prior notice from the Administrative Agent, the Servicer shall furnish or cause to be furnished to the Administrative Agent and each Group Agent on each Business Day (until otherwise notified by the Administrative Agent), an Interim Report with respect to the Pool Receivables with data as of the close of business on the immediately preceding Business Day.

(iii) *Other Information.* Such other information (including non-financial information) as the Administrative Agent, any Group Agent or any Lender may from time to time reasonably request.

(b) *Notices.* The Servicer will notify the Administrative Agent and each Group Agent in writing of any of the following events promptly upon (but in no event later than two (2) Business Days after (other than with respect to clause (v) below)) a Financial Officer or other officer learning of the occurrence thereof:

(i) *Notice of Events of Default or Unmatured Events of Default.* A statement of a Financial Officer of the Servicer setting forth details of any Event of Default or Unmatured Event of Default that has occurred and is continuing and the action which the Servicer has taken or proposes to take with respect thereto.

(ii) *Litigation.* The institution of any litigation, arbitration proceeding or governmental proceeding against the Servicer, the Performance Guarantor or any Originator which could reasonably be expected to have a Material Adverse Effect.

(iii) *Adverse Claim.* (A) Any Person shall obtain an Adverse Claim upon the Collateral or any portion thereof, (B) any Person other than the Borrower, the Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Collection Account (or related Lock-Box) or (C) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Borrower, the Servicer or the Administrative Agent which is not acknowledged by the applicable Obligor as fraudulent or ineffective.

(iv) *Name Changes.* At least thirty (30) days before any change in any Originator's or the Borrower's name, jurisdiction of organization or any other change requiring the amendment of UCC financing statements, a notice setting forth such changes and the effective date thereof.

(v) *Change in Accountants or Accounting Policy.* Any change in (i) the external accountants of the Borrower, the Servicer, any Originator or the Performance Guarantor, (ii) any accounting policy of the Borrower which materially affects the treatment of the Pool Receivables or (iii) any material accounting policy of any Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which any Originator accounts for the Pool Receivables shall be deemed "material" for such purpose).

(vi) *Receivables Purchase Agreement Termination Event.* The occurrence of a Receivables Purchase Agreement Termination Event under the Receivables Purchase Agreement.

(vii) *Material Adverse Change.* The occurrence of any Material Adverse Effect with respect to the Servicer, the Borrower, the Performance Guarantor or an Originator.

(c) *Conduct of Business.* The Servicer will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted, and will do all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted if the failure to have such authority could reasonably be expected to have a Material Adverse Effect.

(d) *Compliance with Laws.* The Servicer will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a Material Adverse Effect. The Servicer shall service the Receivables in accordance with the terms hereof and the terms of the related Contracts.

(e) *Furnishing of Information and Inspection of Receivables.* The Servicer will furnish or cause to be furnished to the Administrative Agent and each Group Agent from time to time such information with respect to the Pool Receivables and the other Collateral as the Administrative Agent, any Group Agent or any Lender may reasonably request. The Servicer will, at the Servicer's expense, during regular business hours with reasonable prior written notice, (i) permit the Administrative Agent and each Lender or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables or other Collateral in the possession or under the control of the Servicer or its Affiliates or agents, (B) visit the offices and properties of the Servicer for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables, the other Collateral or the Servicer's performance

hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors, employees or independent public accountants of the Servicer (*provided* that representatives of the Servicer are present during such discussions) having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at the Servicer's expense, upon reasonable prior written notice from the Administrative Agent, permit certified public accountants or other auditors acceptable to the Administrative Agent to conduct a review of its books and records with respect to the Pool Receivables and other Collateral; *provided*, that the Servicer shall be required to reimburse the Administrative Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period unless an Event of Default has occurred and is continuing.

(f) *Payments on Receivables, Collection Accounts.* Prior to the Initial Funding Date, the Servicer will promptly distribute any amounts deposited into the Collection Accounts with respect to Receivables owned by the Originators to accounts maintained by the Servicer or the Originators. On and after the Initial Funding Date, the Servicer will at all times, instruct all Obligor to deliver payments on the Pool Receivables (other than Foreign Currency Receivables) to a Collection Account or, solely with respect to Physical Check Obligor, to a Lock-Box or directly to the Servicer or the applicable Originator. The Servicer will, at all times, maintain such books and records necessary to identify Collections received from time to time on Pool Receivables and to segregate such Collections from other property of the Servicer and the Originators. If any payments on the Pool Receivables (other than Foreign Currency Receivables) or other Collections are received by the Borrower (other than in a Collection Account), the Servicer or an Originator, it shall hold such payments in trust for the benefit of the Administrative Agent, the Group Agents, the Lenders and the other Secured Parties and promptly (but in any event within two (2) Business Days after receipt) remit such funds into a Collection Account. If at any time after the Closing Date, funds other than Collections on Pool Receivables and other Collateral are deposited into any Collection Account, the Servicer will within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. The Servicer will not, and will not permit the Borrower, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Group Agent, any Lender or any other Secured Party is entitled, with any other funds. At all times after the Initial Funding Date, the Servicer shall only add a Collection Account (or a related Lock-Box), or a Collection Account Bank to those listed on Schedule II to this Agreement, if the Administrative Agent has received notice of such addition and an executed and acknowledged copy of an Account Control Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Collection Account Bank. The Servicer shall only terminate a Collection Account Bank or close a Collection Account (or a related Lock-Box) with the prior written consent of the Administrative Agent. The Servicer shall ensure that no disbursements are made from any Collection Account, other than such disbursements that are made (i) in accordance with this clause (f) or (ii) at the direction and for the account of the Borrower.

(g) *Extension or Amendment of Pool Receivables.* Except as otherwise permitted in Section 9.02, the Servicer will not alter the delinquency status or adjust the

Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract that affects or could affect any Pool Receivable. The Servicer shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract.

(h) *Change in Credit and Collection Policy.* The Servicer will not make any material change in the Credit and Collection Policy without the prior written consent of the Administrative Agent. Promptly following any change in the Credit and Collection Policy, the Servicer will deliver a copy of the updated Credit and Collection Policy to the Administrative Agent and each Group Agent.

(i) *Books and Records.* The Servicer will maintain and implement administrative and operating procedures (including an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Pool Receivables (including records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(j) *Identifying of Records.* The Servicer shall identify its master data processing records relating to Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been pledged in accordance with this Agreement.

(k) *Change in Payment Instructions to Obligors.* The Servicer shall not (and shall not permit any Sub-Servicer to) add, replace or terminate any Collection Account (or any related Lock-Box) or make any change in its instructions to the Obligors regarding payments to be made to the Collection Accounts (or, with respect to Physical Check Obligors, any related Lock-Box or the Servicer or the applicable Originator), other than any instruction to remit payments to a different Collection Account (or, with respect to Physical Check Obligors, a different related Lock-Box, directly to the Collection Account or the Servicer or the applicable Originator), unless the Administrative Agent shall have received (i) prior written notice of such addition, termination or change and (ii) a signed and acknowledged Account Control Agreement (or an amendment thereto) with respect to such new Collection Account (or any related Lock-Box) and the Administrative Agent shall have consented to such change in writing.

(l) *Security Interest, Etc.* The Servicer shall, at its expense, take all action necessary or reasonably desirable to establish and maintain a valid and enforceable first priority perfected security interest in the Collateral, in each case free and clear of any Adverse Claim in favor of the Administrative Agent (on behalf of the Secured Parties), including taking such action to perfect, protect or more fully evidence the security interest of the Administrative Agent (on behalf of the Secured Parties) as the Administrative Agent or any Secured Party may reasonably request. In order to evidence the security interests

of the Administrative Agent under this Agreement, the Servicer shall, from time to time take such action, or execute and deliver such instruments as may be necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in the Receivables, Related Security and Collections. The Servicer shall, from time to time and within the time limits established by applicable law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize the Servicer to file such financing statements under the UCC without the signature of the Borrower, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, the Servicer shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes any Collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(m) *Further Assurances.* The Servicer hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted pursuant to this Agreement or any other Transaction Document, or to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce their respective rights and remedies under this Agreement or any other Transaction Document. Without limiting the foregoing, the Servicer hereby authorizes, and will, upon the request of the Administrative Agent, at the Servicer's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing. Upon the occurrence and during the continuance of an Event of Default, the Servicer shall take such actions and provide such documentation (and hereby authorizes the Administrative Agent to do the same) as may be requested by the Administrative Agent in order to satisfy the requirements of the Assignment of Claims Act of 1940, and any similar state legislation, with respect to any Receivable the Obligor of which is a United States federal, state or local Governmental Authority.

(n) *Taxes.* The Servicer shall cause the Borrower to comply with its obligations under [Section 8.01\(bb\)](#); except, however, the Servicer shall have no responsibility for payment of any Taxes related to income reflected on a consolidated, combined or unitary return filed by the parent (or other member besides Borrower) of a consolidated, combined or unitary group including Borrower.

(o) *Anti-Money Laundering/International Trade Law Compliance.* The Servicer will not become a Sanctioned Person. No Covered Entity, either in its own right or through any third party, will (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; (b) do business in with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the proceeds of any Credit Extension to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law, in each case of clauses (a) through (d). The Servicer shall comply with all Anti-Terrorism Laws applicable to it. The Servicer shall promptly notify the Administrative Agent and each Lender in writing upon the occurrence of a Reportable Compliance Event.

(p) *Credit Risk Retention.* The Servicer shall, and shall cause each Originator to, cooperate with each Lender (including by providing such information and entering into or delivering such additional agreements or documents reasonably requested by such Lender) to the extent reasonably necessary to assure such Lender that the Originators retain credit risk in the amount and manner required by the Credit Risk Retention Rules and to permit such Lender to perform its due diligence and monitoring obligations (if any) under the Credit Risk Retention Rules.

Section 8.03. Separate Existence of the Borrower. Each of the Borrower and the Servicer hereby acknowledges that the Secured Parties, the Group Agents, the Lenders and the Administrative Agent are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance upon the Borrower's identity as a legal entity separate from any Originator, the Servicer, the Performance Guarantor and their Affiliates. Therefore, each of the Borrower and Servicer shall take all steps specifically required by this Agreement or reasonably required by the Administrative Agent, any Group Agent or any Lender to continue the Borrower's identity as a separate legal entity and to make it apparent to third Persons that the Borrower is an entity with assets and liabilities distinct from those of the Performance Guarantor, the Originators, the Servicer and any other Person, and is not a division of the Performance Guarantor, the Originators, the Servicer, their Affiliates or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, each of the Borrower and the Servicer shall take such actions as shall be required in order that:

(a) *Special Purpose Entity.* The Borrower will be a special purpose company whose primary activities are restricted in its organizational documents to: (i) purchasing or otherwise acquiring from the Originators, owning, holding, granting security interests or selling interests in the Collateral, (ii) entering into agreements for the selling, servicing and financing of the Receivables Pool (including the Transaction Documents) and (iii) conducting such other activities as it deems necessary or appropriate to carry out its primary activities.

(b) *No Other Business or Debt.* The Borrower shall not engage in any business or activity except as set forth in this Agreement or in its organizational documents nor, incur any indebtedness or liability other than the Borrower Obligations and as expressly permitted by the Transaction Documents.

(c) *Independent Director*. Not fewer than one member of the Borrower's board of directors (the "Independent Director") shall be a natural person who (i) has never been, and shall at no time be, an equityholder, director, officer, manager, member, partner, officer, employee or associate, or any relative of the foregoing, of any member of the Parent Group (as hereinafter defined) (other than his or her service as an Independent Director of the Borrower or an Independent Director or manager of any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, financial assets of any member or members of the Parent Group), (ii) is not a customer or supplier of any member of the Parent Group (other than his or her service as an Independent Director of the Borrower or an Independent Director or manager of any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, financial assets of any member or members of the Parent Group), (iii) is not any member of the immediate family of a person described in clauses (i) or (ii) above, and (iv) has (x) prior experience as an Independent Director or manager for a corporation or limited liability company whose organizational or charter documents required the unanimous consent of all Independent Directors or managers thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (y) employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities. For purposes of this clause (c), "Parent Group" shall mean (i) the Servicer, the Performance Guarantor and each Originator, (ii) each person that controls, is controlled by or is under common control with the Performance Guarantor and (iii) each of such person's officers, directors, managers, joint venturers and partners. For the purposes of this definition, "*control*" of a person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise. A person shall be deemed to be an "associate" of (A) a corporation or organization of which such person is an officer, director, partner or manager or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities, (B) any trust or other estate in which such person serves as trustee or in a similar capacity and (C) any relative or spouse of a person described in clause (A) or (B) of this sentence, or any immediate relative of such spouse.

The Borrower shall (A) give written notice to the Administrative Agent of the election or appointment, or proposed election or appointment, of a new Independent Director of the Borrower, which notice shall be given not later than ten (10) Business Days prior to the date such appointment or election would be effective (except when such election or appointment is necessary to fill a vacancy caused by the death, disability, or incapacity of the existing Independent Director, or the failure of such Independent Director to satisfy the criteria for an Independent Director set forth in this clause (c), in which case the Borrower shall provide written notice of such election or appointment within one (1) Business Day) and (B) with any such written notice, certify to the Administrative Agent that the Independent Director satisfies the criteria for an Independent Director set forth in this clause (c).

The Borrower's organizational documents shall provide that: (A) the Borrower's board of directors shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Borrower unless the Independent Director shall approve the taking of such action in writing before the taking of such action and (B) such provision and each other provision requiring an Independent Director cannot be amended without the prior written consent of the Independent Director.

The Independent Director shall not at any time serve as a trustee in bankruptcy for the Borrower, the Performance Guarantor, any Originator, the Servicer or any of their respective Affiliates.

(d) *Organizational Documents.* The Borrower shall maintain its organizational documents in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its ability to comply with the terms and provisions of any of the Transaction Documents, including, without limitation, Section 8.01(g).

(e) *Conduct of Business.* The Borrower shall conduct its affairs strictly in accordance with its organizational documents and observe all necessary, appropriate and customary company formalities, including, but not limited to, holding all regular and special shareholders' and board of directors' meetings appropriate to authorize all company action, keeping separate and accurate minutes of its meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records and accounts, including, but not limited to, payroll and intercompany transaction accounts.

(f) *Compensation.* Any employee, consultant or agent of the Borrower will be compensated from the Borrower's funds for services provided to the Borrower, and to the extent that Borrower shares the same officers or other employees as the Servicer (or any other Affiliate thereof), the salaries and expenses relating to providing benefits to such officers and other employees shall be fairly allocated among such entities, and each such entity shall bear its fair share of the salary and benefit costs associated with such common officers and employees; *provided*, that the foregoing shall not require the Performance Guarantor to make any additional capital contributions to the Borrower. The Borrower will not engage any agents other than its attorneys, auditors and other professionals, and a servicer and any other agent contemplated by the Transaction Documents for the Receivables Pool, which servicer will be fully compensated for its services by payment of the Servicing Fee.

(g) *Servicing and Costs.* The Borrower will contract with the Servicer to perform for the Borrower all operations required on a daily basis to service the Receivables Pool. The Borrower will not incur any indirect or overhead expenses for items shared with the Servicer (or any other Affiliate thereof) that are not reflected in the Servicing Fee. To

the extent, if any, that the Borrower (or any Affiliate thereof) shares items of expenses not reflected in the Servicing Fee, such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered.

(h) *Operating Expenses.* The Borrower's operating expenses will not be paid by the Servicer, the Performance Guarantor, any Originator or any Affiliate thereof and the Performance Guarantor shall have no obligation to make additional capital contributions to the Borrower for such operating expenses.

(i) *Stationary.* The Borrower will have its own separate stationary.

(j) *Books and Records.* The Borrower's books and records will be maintained separately from those of the Servicer, the Performance Guarantor, the Originators and any of their Affiliates and in a manner such that it will not be difficult or costly to segregate, ascertain or otherwise identify the assets and liabilities of the Borrower.

(k) *Disclosure of Transactions.* All financial statements of the Servicer, the Performance Guarantor, the Originators or any Affiliate thereof that are consolidated to include the Borrower will disclose that (i) the Borrower's sole business consists of the purchase or acceptance through capital contributions of the Receivables and Related Security from the Originators and the subsequent retransfer of or granting of a security interest in such Receivables and Related Security to the Administrative Agent for the benefit of the Secured Parties, (ii) the Borrower is a separate legal entity with its own separate creditors who will be entitled, upon its liquidation, to be satisfied out of the Borrower's assets prior to any assets or value in the Borrower becoming available to the Borrower's equity holders and (iii) the assets of the Borrower are not available to pay creditors of the Servicer, the Performance Guarantor, the Originators or any Affiliate thereof.

(l) *Segregation of Assets.* The Borrower's assets will be maintained in a manner that facilitates their identification and segregation from those of the Servicer, the Performance Guarantor, the Originators or any Affiliates thereof.

(m) *Corporate Formalities.* The Borrower will strictly observe corporate formalities in its dealings with the Servicer, the Performance Guarantor, the Originators or any Affiliates thereof, and funds or other assets of the Borrower will not be commingled with those of the Servicer, the Performance Guarantor, the Originators or any Affiliates thereof except as permitted by this Agreement in connection with servicing the Pool Receivables. The Borrower shall not maintain joint bank accounts or other depository accounts to which the Servicer, the Performance Guarantor the Originators or any Affiliate thereof (other than the Servicer solely in its capacity as such) has independent access. The Borrower is not named, and has not entered into any agreement to be named, directly or indirectly, as a direct or contingent beneficiary or loss payee on any insurance policy with respect to any loss relating to the property of the Servicer, the Performance Guarantor, the

Originators or any Subsidiaries or other Affiliates thereof. The Borrower will pay to the appropriate Affiliate the marginal increase or, in the absence of such increase, the market amount of its portion of the premium payable with respect to any insurance policy that covers the Borrower and such Affiliate.

(n) *Arm's-Length Relationships.* The Borrower will maintain arm's-length relationships with the Servicer, the Performance Guarantor, the Originators and any Affiliates thereof. Any Person that renders or otherwise furnishes services to the Borrower will be compensated by the Borrower at market rates for such services it renders or otherwise furnishes to the Borrower. Neither the Borrower on the one hand, nor the Servicer, the Performance Guarantor any Originator or any Affiliate thereof, on the other hand, will be or will hold itself out to be responsible for the debts of the other or the decisions or actions respecting the daily business and affairs of the other. The Borrower, the Servicer, the Performance Guarantor, the Originators and their respective Affiliates will immediately correct any known misrepresentation with respect to the foregoing, and they will not operate or purport to operate as an integrated single economic unit with respect to each other or in their dealing with any other entity.

(o) *Allocation of Overhead.* To the extent that Borrower, on the one hand, and the Servicer, the Performance Guarantor, any Originator or any Affiliate thereof, on the other hand, have offices in the same location, there shall be a fair and appropriate allocation of overhead costs between them, and the Borrower shall bear its fair share of such expenses, which may be paid through the Servicing Fee or otherwise; *provided*, that the foregoing shall not require the Performance Guarantor to make any additional capital contributions to the Borrower.

ARTICLE IX

ADMINISTRATION AND COLLECTION OF RECEIVABLES

Section 9.01. Appointment of the Servicer. (a) The servicing, administering and collection of the Pool Receivables shall be conducted by the Person so designated from time to time as the Servicer in accordance with this Section 9.01. Until the Administrative Agent gives notice to Sponsor (in accordance with this Section 9.01) of the designation of a new Servicer, Sponsor is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms hereof. Upon the occurrence of an Event of Default, the Administrative Agent may (with the consent of the Majority Group Agents) and shall (at the direction of the Majority Group Agents) designate as Servicer any Person (including itself) to succeed Sponsor or any successor Servicer, on the condition in each case that any such Person so designated shall agree in writing to perform the duties and obligations of the Servicer pursuant to the terms hereof.

(b) Upon the designation of a successor Servicer as set forth in clause (a) above, Sponsor agrees that it will terminate its activities as Servicer hereunder in a manner that the Administrative Agent reasonably determines will facilitate the transition of the performance of such activities to the new Servicer, and Sponsor shall cooperate with and assist such new Servicer. Such cooperation shall include access to and transfer of records (including all Contracts) related to Pool Receivables and use by the new Servicer of all licenses (or the obtaining of new licenses), hardware or software necessary or desirable to collect the Pool Receivables and the Related Security.

(c) Sponsor acknowledges that, in making its decision to execute and deliver this Agreement, the Administrative Agent and each Lender have relied on Sponsor's agreement to act as Servicer hereunder. Accordingly, Sponsor agrees that it will not voluntarily resign as Servicer without the prior written consent of the Administrative Agent and the Majority Group Agents.

(d) The Servicer may delegate its duties and obligations hereunder to any subservicer (each a "Sub-Servicer"); *provided*, that, in each such delegation: (i) such Sub-Servicer shall agree in writing to perform the delegated duties and obligations of the Servicer pursuant to the terms hereof, (ii) the Servicer shall remain liable for the performance of the duties and obligations so delegated, (iii) the Borrower, the Administrative Agent, each Group Agent and each Lender shall have the right to look solely to the Servicer for performance, (iv) the terms of any agreement with any Sub-Servicer shall provide that the Administrative Agent may terminate such agreement upon the termination of the Servicer hereunder by giving notice of its desire to terminate such agreement to the Servicer (and the Servicer shall provide appropriate notice to each such Sub-Servicer) and (v) if such Sub-Servicer is not an Affiliate of the Performance Guarantor, the Administrative Agent shall have consented in writing in advance to such delegation.

Section 9.02. Duties of the Servicer. (a) The Servicer shall take or cause to be taken all such action as may be necessary or reasonably advisable to service, administer and collect each Pool Receivable from time to time, all in accordance with this Agreement and all Applicable Laws, with reasonable care and diligence, and in accordance with the Credit and Collection Policy and consistent with the past practices of the Originators. The Servicer shall set aside, for the accounts of each Credit Party, the amount of Collections to which each such Credit Party is entitled in accordance with Article IV hereof. The Servicer may, in accordance with the Credit and Collection Policy and consistent with past practices of the Originators, take such action, including modifications, waivers, extensions of maturity or restructurings of Pool Receivables and related Contracts, as the Servicer may reasonably determine to be appropriate to maximize Collections thereof or reflect adjustments expressly permitted under the Credit and Collection Policy or as expressly required under Applicable Laws or the applicable Contract; *provided*, that for purposes of this Agreement: (i) such action shall not, and shall not be deemed to, change the number of days such Pool Receivable has remained unpaid from the date of the original due date related to such Pool Receivable, (ii) such action shall not alter the status of such Pool Receivable as a Delinquent Receivable or a Defaulted Receivable or limit the rights of any Secured Party under this Agreement or any other Transaction Document and (iii) if an Event of Default has occurred and is continuing, the Servicer may take such action only upon the prior written consent of the Administrative Agent. The Borrower shall deliver to the Servicer and the Servicer shall hold for the benefit of the Administrative Agent (individually and for the benefit of each Credit Party), in accordance with their respective interests, all records and documents (including computer tapes or disks) with respect to each Pool Receivable. Notwithstanding anything to the contrary contained herein, if an Event of Default has occurred and is continuing, the Administrative Agent may direct the Servicer to commence or settle any legal action to enforce collection of any Pool Receivable that is a Defaulted Receivable or to foreclose upon or repossess any Related Security with respect to any such Defaulted Receivable.

(b) The Servicer shall, as soon as reasonably practicable following actual receipt of collected funds, turn over to the appropriate Person entitled thereto the collections of any indebtedness that is not a Pool Receivable, less, if Sponsor or an Affiliate of the Performance Guarantor is not the Servicer, all reasonable and appropriate out-of-pocket costs and expenses of such Servicer of servicing, collecting and administering such collections. The Servicer, if other than Sponsor or an Affiliate of the Sponsor, shall, as soon as reasonably practicable upon written demand, deliver to the appropriate Person entitled thereto all records in its possession that evidence or relate to any indebtedness that is not a Pool Receivable, and copies of records in its possession that evidence or relate to any indebtedness that is a Pool Receivable.

(c) The Servicer's obligations hereunder shall terminate on the Final Payout Date. Promptly following the Final Payout Date, the Servicer shall deliver to the Borrower all books, records and related materials that the Borrower previously provided to the Servicer, or that have been obtained by the Servicer, in connection with this Agreement.

Section 9.03. Collection Account Arrangements. Prior to the Closing Date, the Borrower shall have entered into Account Control Agreements with all of the Collection Account Banks and delivered executed counterparts of each to the Administrative Agent. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may (with the consent of the Majority Group Agents) and shall (upon the direction of the Majority Group Agents) at any time thereafter give notice to each Collection Account Bank that the Administrative Agent is exercising its rights under the Account Control Agreements to do any or all of the following: (a) to have the exclusive ownership and control of the Collection Accounts transferred to the Administrative Agent (for the benefit of the Secured Parties) and to exercise exclusive dominion and control over the funds deposited therein, (b) to have the proceeds that are sent to the respective Collection Accounts redirected pursuant to the Administrative Agent's instructions rather than deposited in the applicable Collection Account and (c) to take any or all other actions permitted under the applicable Account Control Agreement. The Borrower hereby agrees that if the Administrative Agent at any time takes any action set forth in the preceding sentence, the Administrative Agent shall have exclusive control (for the benefit of the Secured Parties) of the proceeds (including Collections) of all Pool Receivables and the Borrower hereby further agrees to take any other action that the Administrative Agent may reasonably request to transfer such control. Any proceeds of Pool Receivables received by the Borrower or the Servicer thereafter shall be sent immediately to, or as otherwise instructed by, the Administrative Agent.

Section 9.04. Enforcement Rights. (a) At any time following the occurrence and during the continuation of an Event of Default:

(i) the Administrative Agent (at the Borrower's expense) may direct the Obligors that payment of all amounts payable under any Pool Receivable is to be made directly to the Administrative Agent or its designee;

(ii) the Administrative Agent may instruct the Borrower or the Servicer to give notice of the Secured Parties' interest in Pool Receivables to each Obligor, which notice shall direct that payments be made directly to the Administrative Agent or its designee (on behalf of the Secured Parties), and the Borrower or the Servicer, as the case may be, shall

give such notice at the expense of the Borrower or the Servicer, as the case may be; *provided*, that if the Borrower or the Servicer, as the case may be, fails to so notify each Obligor within two (2) Business Days following instruction by the Administrative Agent, the Administrative Agent (at the Borrower's or the Servicer's, as the case may be, expense) may so notify the Obligors;

(iii) the Administrative Agent may request the Servicer to, and upon such request the Servicer shall: (A) assemble all of the records necessary or desirable to collect the Pool Receivables and the Related Security, and transfer or license to a successor Servicer the use of all software necessary or desirable to collect the Pool Receivables and the Related Security, and make the same available to the Administrative Agent or its designee (for the benefit of the Secured Parties) at a place selected by the Administrative Agent and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections in a manner reasonably acceptable to the Administrative Agent and, promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Administrative Agent or its designee;

(iv) the Administrative Agent may assume exclusive control of each Collection Account and notify the Collection Account Banks that the Borrower and the Servicer will no longer have any access to the Collection Accounts;

(v) the Administrative Agent may (or, at the direction of the Majority Group Agents shall) replace the Person then acting as Servicer; and

(vi) the Administrative Agent may collect any amounts due from an Originator under the Receivables Purchase Agreement or the Performance Guarantor under the Performance Guaranty.

For the avoidance of doubt, the foregoing rights and remedies of the Administrative Agent upon an Event of Default are in addition to and not exclusive of the rights and remedies contained herein and under the other Transaction Documents.

(b) The Borrower hereby authorizes the Administrative Agent (on behalf of the Secured Parties), and irrevocably appoints the Administrative Agent as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Borrower, which appointment is coupled with an interest, to take any and all steps in the name of the Borrower and on behalf of the Borrower necessary or desirable, in the reasonable determination of the Administrative Agent, after the occurrence and during the continuation of an Event of Default, to collect any and all amounts or portions thereof due under any and all Collateral, including endorsing the name of the Borrower on checks and other instruments representing Collections and enforcing such Collateral. Notwithstanding anything to the contrary contained in this subsection, none of the powers conferred upon such attorney-in-fact pursuant to the preceding sentence shall subject such attorney-in-fact to any liability if any action taken by it shall prove to be inadequate or invalid, nor shall they confer any obligations upon such attorney-in-fact in any manner whatsoever.

(c) The Servicer hereby authorizes the Administrative Agent (on behalf of the Secured Parties), and irrevocably appoints the Administrative Agent as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Servicer, which appointment is coupled with an interest, to take any and all steps in the name of the Servicer and on behalf of the Servicer necessary or desirable, in the reasonable determination of the Administrative Agent, after the occurrence and during the continuation of an Event of Default, to collect any and all amounts or portions thereof due under any and all Collateral, including endorsing the name of the Servicer on checks and other instruments representing Collections and enforcing such Collateral. Notwithstanding anything to the contrary contained in this subsection, none of the powers conferred upon such attorney-in-fact pursuant to the preceding sentence shall subject such attorney-in-fact to any liability if any action taken by it shall prove to be inadequate or invalid, nor shall they confer any obligations upon such attorney-in-fact in any manner whatsoever.

Section 9.05. Responsibilities of the Borrower. (a) Anything herein to the contrary notwithstanding, the Borrower shall: (i) perform all of its obligations, if any, under the Contracts related to the Pool Receivables to the same extent as if interests in such Pool Receivables had not been transferred hereunder, and the exercise by the Administrative Agent, or any other Credit Party of their respective rights hereunder shall not relieve the Borrower from such obligations and (ii) pay when due any taxes, including any sales taxes payable in connection with the Pool Receivables and their creation and satisfaction. None of the Credit Parties shall have any obligation or liability with respect to any Collateral, nor shall any of them be obligated to perform any of the obligations of the Borrower, the Servicer or any Originator thereunder.

(b) Sponsor hereby irrevocably agrees that if at any time it shall cease to be the Servicer hereunder, it shall act (if the then-current Servicer so requests) as the data-processing agent of the Servicer and, in such capacity, Sponsor shall conduct the data-processing functions of the administration of the Receivables and the Collections thereon in substantially the same way that Sponsor conducted such data-processing functions while it acted as the Servicer. In connection with any such processing functions, the Borrower shall pay to Sponsor its reasonable out-of-pocket costs and expenses from the Borrower's own funds (subject to the priority of payments set forth in [Section 4.01](#)).

Section 9.06. Servicing Fee. (a) Subject to clause (b) below, the Servicer shall be paid a fee (the "Servicing Fee") equal to 1% per annum (the "Servicing Fee Rate") of the monthly average aggregate Outstanding Balance of the Pool Receivables.

(b) If the Servicer ceases to be Sponsor or an Affiliate of the Sponsor, the Servicing Fee shall be the greater of (i) the amount calculated pursuant to clause (a) above and (ii) an alternative amount specified by the successor Servicer not to exceed 110% of the aggregate reasonable costs and expenses incurred by such successor Servicer in connection with the performance of its obligations as Servicer hereunder.

ARTICLE X

EVENTS OF DEFAULT

Section 10.01. *Events of Default.* If any of the following events (each an "Event of Default") shall occur:

(a) (i) the Borrower, any Originator, the Performance Guarantor or the Servicer shall fail to perform or observe any term, covenant or agreement under this Agreement or any other Transaction Document to be performed or observed by the Borrower, such Originator, the Performance Guarantor or the Servicer, as applicable (other than any such failure which would constitute an Event of Default under clause (ii) or (iii) of this paragraph (a)), and such failure, solely to the extent capable of cure, shall continue for ten (10) Business Days, (ii) the Borrower, any Originator, the Performance Guarantor or the Servicer shall fail to make when due any payment or deposit to be made by it under this Agreement or any other Transaction Document and such failure shall continue unremedied for two (2) Business Days or (iii) Sponsor shall resign as Servicer, and no successor Servicer reasonably satisfactory to the Administrative Agent shall have been appointed;

(b) any representation or warranty made or deemed made by the Borrower, any Originator, the Performance Guarantor or the Servicer (or any of their respective officers) under or in connection with this Agreement or any other Transaction Document or any information or report delivered by the Borrower, any Originator, the Performance Guarantor or the Servicer pursuant to this Agreement or any other Transaction Document, shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered;

(c) the Borrower or the Servicer shall fail to deliver, as required pursuant to this Agreement, (i) an Information Package and such failure shall remain unremedied for two (2) Business Days or (ii) an Interim Report and such failure shall remain unremedied for two (2) Business Days;

(d) this Agreement or any security interest granted pursuant to this Agreement or any other Transaction Document shall for any reason cease to create, or for any reason cease to be, a valid and enforceable first priority perfected security interest in favor of the Administrative Agent with respect to the Collateral, free and clear of any Adverse Claim;

(e) the Borrower, any Originator, the Performance Guarantor or the Servicer shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any Insolvency Proceeding shall be instituted by or against the Borrower, any Originator, the Performance Guarantor or the Servicer and, in the case of any such proceeding instituted against such Person (but not instituted by such Person), either such proceeding shall remain undismissed or unstayed for a period of sixty (60) consecutive days, or any of the actions sought in such proceeding (including the entry of an order for

relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower, any Originator, the Performance Guarantor or the Servicer shall take any corporate or organizational action to authorize any of the actions set forth above in this paragraph;

(f) (i) the average for three consecutive Fiscal Months of: (A) the Default Ratio shall exceed 2.25%, (B) the Delinquency Ratio shall exceed 4.0% or (C) the Dilution Ratio shall exceed 3.0%; or (ii) the Days' Sales Outstanding shall exceed 70 days;

(g) a Change in Control shall occur;

(h) a Borrowing Base Deficit shall occur, and shall not have been cured within two (2) Business Days;

(i) (i) the Borrower shall fail to pay any principal of or premium or interest on any of its Material Debt (other than the Borrower Obligations and Debt under the Subordinated Notes) when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise and whether or not such failure shall have been waived under the related agreement); (ii) any Originator, the Performance Guarantor, the Servicer or any of their respective Subsidiaries, fails to make any payment when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) (A) under the Credit Agreement or (B) in respect of any Material Debt; or (iii) the Borrower, any Originator, the Performance Guarantor, the Servicer or any of their respective Subsidiaries fails to observe or perform any other agreement or condition relating to any Material Debt or contained in any mortgage, indenture, 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 Debt (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Material Debt 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 Material Debt to be made, prior to its stated maturity;

(j) the Performance Guarantor shall fail to perform any of its obligations under the Performance Guaranty, and such failure, solely to the extent capable of cure, shall continue for five (5) Business Days;

(k) the Borrower shall fail (x) at any time to have an Independent Director (other than for three (3) Business Days following notice of the death or resignation of any Independent Director) who satisfies each requirement and qualification specified in Section 8.03(c) of this Agreement for Independent Directors, on the Borrower's board of managers or (y) to timely notify the Administrative Agent of any replacement or appointment of any Person that is to serve as an Independent Director on the Borrower's board of managers as required pursuant to Section 8.03(c) of this Agreement;

(l) there shall have occurred any event which materially and adversely impairs the value or collectibility of the Pool Receivables generally or any material portion thereof;

(m) either (i) the Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Code with regard to any assets of the Borrower, any Originator, the Performance Guarantor or the Servicer or (ii) the PBGC shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Borrower, any Originator, the Performance Guarantor or the Servicer;

(n) (i) the occurrence of a Reportable Event; (ii) the adoption of an amendment to a Pension Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (iii) the existence with respect to any Multiemployer Plan of an "accumulated funding deficiency" (as defined in Section 431 of the Code or Section 304 of ERISA), whether or not waived; (iv) the failure to satisfy the minimum funding standard under Section 412 of the Code with respect to any Pension Plan; (v) the incurrence of any liability under Title IV of ERISA with respect to the termination of any Pension Plan or the withdrawal or partial withdrawal of any of the Borrower, any Originator, the Performance Guarantor, the Servicer or any of their respective ERISA Affiliates from any Multiemployer Plan; (vi) the receipt by any of the Borrower, any Originator, the Performance Guarantor, the Servicer or any of their respective ERISA Affiliates from the PBGC or any plan administrator of any notice relating to the intention to terminate any Pension Plan or Multiemployer Plan or to appoint a trustee to administer any Pension Plan or Multiemployer Plan; (vii) the receipt by the Borrower, any Originator, the Performance Guarantor, the Servicer, or any of their respective ERISA Affiliates of any notice concerning the imposition 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; (viii) the occurrence of a prohibited transaction with respect to any of the Borrower, any Originator, the Performance Guarantor, the Servicer, or any of their respective ERISA Affiliates (pursuant to Section 4975 of the Code); or (ix) the occurrence or existence of any other similar event or condition with respect to a Pension Plan or a Multiemployer Plan, with respect to each of clause (i) through (ix), either individually or in the aggregate, which could reasonably be expected to result in a Material Adverse Effect;

(o) a Material Adverse Effect shall occur with respect to the Borrower, the Servicer, the Performance Guarantor or any Originator;

(p) a Receivables Purchase Agreement Termination Event shall occur under the Receivables Purchase Agreement;

(q) the Borrower shall (i) be required to register as an "investment company" within the meaning of the Investment Company Act or (ii) become a "covered fund" within the meaning of the Volcker Rule;

(r) any material provision of this Agreement or any other Transaction Document shall cease to be in full force and effect or any of the Borrower, any Originator, the Performance Guarantor or the Servicer (or any of their respective Affiliates) shall so state in writing;

(s) one or more judgments or decrees shall be entered against the Borrower, any Originator, the Performance Guarantor, the Servicer or any Affiliate of any of the foregoing involving in the aggregate a liability (not paid or to the extent not covered by a reputable and solvent insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of thirty (30) consecutive days, and the aggregate amount of all such judgments equals or exceeds (i) solely with respect to the Borrower, \$16,750 or (ii) with respect to any Originator, the Performance Guarantor, the Servicer or any Affiliate of any of the foregoing, \$150,000,000; or

(t) the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Sponsor, commencing with the first fiscal quarter of the Sponsor ending on or after the Initial Funding Date, exceeds the thresholds set forth in section 8.11(a) of the Credit Agreement, where the following terms have the meanings assigned thereto in the Credit Agreement:

- (i) Consolidated Leverage Ratio; and
- (ii) Initial Funding Date;

then, and in any such event, the Administrative Agent may (or, at the direction of the Majority Group Agents shall) by notice to the Borrower (x) declare the Termination Date to have occurred (in which case the Termination Date shall be deemed to have occurred) and (y) declare the Aggregate Capital and all other Borrower Obligations to be immediately due and payable (in which case the Aggregate Capital and all other Borrower Obligations shall be immediately due and payable); *provided* that, automatically upon the occurrence of any event (without any requirement for the giving of notice) described in subsection (e) of this Section 10.01 with respect to the Borrower, the Termination Date shall occur and the Aggregate Capital and all other Borrower Obligations shall be immediately due and payable. Upon any such declaration or designation or upon such automatic termination, the Administrative Agent and the other Secured Parties shall have, in addition to the rights and remedies which they may have under this Agreement and the other Transaction Documents, all other rights and remedies provided after default under the UCC and under other Applicable Law, which rights and remedies shall be cumulative. Any proceeds from liquidation of the Collateral shall be applied in the order of priority set forth in Section 4.01.

ARTICLE XI

THE ADMINISTRATIVE AGENT

Section 11.01. Authorization and Action. Each Credit Party hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together

with such powers as are reasonably incidental thereto. The Administrative Agent shall not have any duties other than those expressly set forth in the Transaction Documents, and no implied obligations or liabilities shall be read into any Transaction Document, or otherwise exist, against the Administrative Agent. The Administrative Agent does not assume, nor shall it be deemed to have assumed, any obligation to, or relationship of trust or agency with, the Borrower or any Affiliate thereof or any Credit Party except for any obligations expressly set forth herein. Notwithstanding any provision of this Agreement or any other Transaction Document, in no event shall the Administrative Agent ever be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to any provision of any Transaction Document or Applicable Law.

Section 11.02. Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Administrative Agent under or in connection with this Agreement (including, without limitation, the Administrative Agent's servicing, administering or collecting Pool Receivables in the event it replaces the Servicer in such capacity pursuant to Section 9.01), in the absence of its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent: (a) may consult with legal counsel (including counsel for any Credit Party or the Servicer), independent certified 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; (b) makes no warranty or representation to any Credit Party (whether written or oral) and shall not be responsible to any Credit Party for any statements, warranties or representations (whether written or oral) made by any other party in or in connection with this Agreement; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any Credit Party or to inspect the property (including the books and records) of any Credit Party; (d) shall not be responsible to any Credit Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (e) shall be entitled to rely, and shall be fully protected in so relying, upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile) believed by it to be genuine and signed or sent by the proper party or parties.

Section 11.03. Administrative Agent and Affiliates. With respect to any Credit Extension or interests therein owned by any Credit Party that is also the Administrative Agent, such Credit Party shall have the same rights and powers under this Agreement as any other Credit Party and may exercise the same as though it were not the Administrative Agent. The Administrative Agent and any of its Affiliates may generally engage in any kind of business with the Borrower or any Affiliate thereof and any Person who may do business with or own securities of the Borrower or any Affiliate thereof, all as if the Administrative Agent were not the Administrative Agent hereunder and without any duty to account therefor to any other Secured Party.

Section 11.04. Indemnification of Administrative Agent. Each Committed Lender agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower or any Affiliate thereof), ratably according to the respective Pro Rata Percentage of such Committed Lender, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits,

costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent under this Agreement or any other Transaction Document; *provided* that no Committed Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct.

Section 11.05. Delegation of Duties. The Administrative Agent may execute any of its duties through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.06. Action or Inaction by Administrative Agent. The Administrative Agent shall in all cases be fully justified in failing or refusing to take action under any Transaction Document unless it shall first receive such advice or concurrence of the Group Agents or the Majority Group Agents, as the case may be, and assurance of its indemnification by the Committed Lenders, as it deems appropriate. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Transaction Document in accordance with a request or at the direction of the Group Agents or the Majority Group Agents, as the case may be, and such request or direction and any action taken or failure to act pursuant thereto shall be binding upon all Credit Parties. The Credit Parties and the Administrative Agent agree that unless any action to be taken by the Administrative Agent under a Transaction Document (i) specifically requires the advice or concurrence of all Group Agents or (ii) may be taken by the Administrative Agent alone or without any advice or concurrence of any Group Agent, then the Administrative Agent may take action based upon the advice or concurrence of the Majority Group Agents.

Section 11.07. Notice of Events of Default; Action by Administrative Agent. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Unmatured Event of Default or Event of Default unless the Administrative Agent has received notice from any Credit Party or the Borrower stating that an Unmatured Event of Default or Event of Default has occurred hereunder and describing such Unmatured Event of Default or Event of Default. If the Administrative Agent receives such a notice, it shall promptly give notice thereof to each Group Agent, whereupon each Group Agent shall promptly give notice thereof to its respective Conduit Lender(s) and Related Committed Lender(s). The Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, concerning an Unmatured Event of Default or Event of Default or any other matter hereunder as the Administrative Agent deems advisable and in the best interests of the Secured Parties.

Section 11.08. Non-Reliance on Administrative Agent and Other Parties. Each Credit Party expressly acknowledges that neither the Administrative Agent nor any of its directors, officers, agents or employees has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower or any Affiliate thereof, shall be deemed to constitute any representation or warranty by the Administrative Agent. Each Credit Party represents and warrants to the Administrative Agent that,

independently and without reliance upon the Administrative Agent or any other Credit Party and based on such documents and information as it has deemed appropriate, it has made and will continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Borrower, each Originator, the Performance Guarantor or the Servicer and the Pool Receivables and its own decision to enter into this Agreement and to take, or omit, action under any Transaction Document. Except for items expressly required to be delivered under any Transaction Document by the Administrative Agent to any Credit Party, the Administrative Agent shall not have any duty or responsibility to provide any Credit Party with any information concerning the Borrower, any Originator, the Performance Guarantor or the Servicer that comes into the possession of the Administrative Agent or any of its directors, officers, agents, employees, attorneys-in-fact or Affiliates.

Section 11.09. Successor Administrative Agent. (a) The Administrative Agent may, upon at least thirty (30) days' notice to the Borrower, the Servicer and each Lender, resign as Administrative Agent. Except as provided below, such resignation shall not become effective until a successor Administrative Agent is appointed by the Majority Group Agents as a successor Administrative Agent and has accepted such appointment. If no successor Administrative Agent shall have been so appointed by the Majority Group Agents, within thirty (30) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, appoint a successor Administrative Agent as successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Group Agents within sixty (60) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, petition a court of competent jurisdiction to appoint a successor Administrative Agent.

(b) Upon such acceptance of its appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall succeed to and become vested with all the rights and duties of the resigning Administrative Agent, and the resigning Administrative Agent shall be discharged from its duties and obligations under the Transaction Documents. After any resigning Administrative Agent's resignation hereunder, the provisions of this [Article XI](#) and [Article XIII](#) shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent.

Section 11.10. Structuring Agent. Each of the parties hereto hereby acknowledges and agrees that the Structuring Agent shall not have any right, power, obligation, liability, responsibility or duty under this Agreement. Each Credit Party acknowledges that it has not relied, and will not rely, on the Structuring Agent in deciding to enter into this Agreement and to take, or omit to take, any action under any Transaction Document.

Section 11.11. Certain ERISA Matters. (a) 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 not, for the avoidance of doubt, to or for the benefit

of the Borrower, any Originator, the Performance Guarantor or the Servicer, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement,

(ii) 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 Commitments and this Agreement,

(iii) (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 Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, 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 Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with 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 not, for the avoidance of doubt, to or for the benefit of the Borrower, any Originator, the Performance Guarantor or the Servicer, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Transaction Document or any documents related hereto or thereto).

ARTICLE XII

THE GROUP AGENTS

Section 12.01. Authorization and Action. Each Credit Party that belongs to a Group hereby appoints and authorizes the Group Agent for such Group to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to such Group Agent by the terms hereof, together with such powers as are reasonably incidental thereto. No Group Agent shall have any duties other than those expressly set forth in the Transaction Documents, and no implied obligations or liabilities shall be read into any Transaction Document, or otherwise exist, against any Group Agent. No Group Agent assumes, nor shall it be deemed to have assumed, any obligation to, or relationship of trust or agency with the Borrower or any Affiliate thereof, any Lender except for any obligations expressly set forth herein. Notwithstanding any provision of this Agreement or any other Transaction Document, in no event shall any Group Agent ever be required to take any action which exposes such Group Agent to personal liability or which is contrary to any provision of any Transaction Document or Applicable Law.

Section 12.02. Group Agent's Reliance, Etc. No Group Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as a Group Agent under or in connection with this Agreement or any other Transaction Documents in the absence of its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, a Group Agent: (a) may consult with legal counsel (including counsel for the Administrative Agent, the Borrower or the Servicer), independent certified 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; (b) makes no warranty or representation to any Credit Party (whether written or oral) and shall not be responsible to any Credit Party for any statements, warranties or representations (whether written or oral) made by any other party in or in connection with this Agreement or any other Transaction Document; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other Transaction Document on the part of the Borrower or any Affiliate thereof or any other Person or to inspect the property (including the books and records) of the Borrower or any Affiliate thereof; (d) shall not be responsible to any Credit Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Transaction Documents or any other instrument or document furnished pursuant hereto; and (e) shall be entitled to rely, and shall be fully protected in so relying, upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile) believed by it to be genuine and signed or sent by the proper party or parties.

Section 12.03. Group Agent and Affiliates. With respect to any Credit Extension or interests therein owned by any Credit Party that is also a Group Agent, such Credit Party shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not a Group Agent. A Group Agent and any of its Affiliates may generally engage in any kind of business with the Borrower or any Affiliate thereof and any Person who may do business with or own securities of the Borrower or any Affiliate thereof or any of their respective Affiliates, all as if such Group Agent were not a Group Agent hereunder and without any duty to account therefor to any other Secured Party.

Section 12.04. Indemnification of Group Agents. Each Committed Lender in any Group agrees to indemnify the Group Agent for such Group (to the extent not reimbursed by the Borrower or any Affiliate thereof), ratably according to the proportion of the Percentage of such Committed Lender to the aggregate Percentages of all Committed Lenders in such Group, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Group Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by such Group Agent under this Agreement or any other Transaction Document; provided that no Committed Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Group Agent's gross negligence or willful misconduct.

Section 12.05. Delegation of Duties. Each Group Agent may execute any of its duties through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Group Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 12.06. Notice of Events of Default. No Group Agent shall be deemed to have knowledge or notice of the occurrence of any Unmatured Event of Default or Event of Default unless such Group Agent has received notice from the Administrative Agent, any other Group Agent, any other Credit Party, the Servicer or the Borrower stating that an Unmatured Event of Default or Event of Default has occurred hereunder and describing such Unmatured Event of Default or Event of Default. If a Group Agent receives such a notice, it shall promptly give notice thereof to the Credit Parties in its Group and to the Administrative Agent (but only if such notice received by such Group Agent was not sent by the Administrative Agent). A Group Agent may take such action concerning an Unmatured Event of Default or Event of Default as may be directed by Committed Lenders in its Group representing a majority of the Commitments in such Group (subject to the other provisions of this Article XII), but until such Group Agent receives such directions, such Group Agent may (but shall not be obligated to) take such action, or refrain from taking such action, as such Group Agent deems advisable and in the best interests of the Conduit Lenders and Committed Lenders in its Group.

Section 12.07. Non-Reliance on Group Agents and Other Parties. Each Credit Party expressly acknowledges that neither the Group Agent for its Group nor any of such Group Agent's directors, officers, agents or employees has made any representations or warranties to it and that no act by such Group Agent hereafter taken, including any review of the affairs of the Borrower or any Affiliate thereof, shall be deemed to constitute any representation or warranty by such Group Agent. Each Credit Party represents and warrants to the Group Agent for its Group that, independently and without reliance upon such Group Agent, any other Group Agent, the Administrative Agent or any other Credit Party and based on such documents and information as it has deemed appropriate, it has made and will continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and

creditworthiness of the Borrower or any Affiliate thereof and the Receivables and its own decision to enter into this Agreement and to take, or omit, action under any Transaction Document. Except for items expressly required to be delivered under any Transaction Document by a Group Agent to any Credit Party in its Group, no Group Agent shall have any duty or responsibility to provide any Credit Party in its Group with any information concerning the Borrower or any Affiliate thereof that comes into the possession of such Group Agent or any of its directors, officers, agents, employees, attorneys-in-fact or Affiliates.

Section 12.08. Successor Group Agent. Any Group Agent may, upon at least thirty (30) days' notice to the Administrative Agent, the Borrower, the Servicer and the Credit Parties in its Group, resign as Group Agent for its Group. Such resignation shall not become effective until a successor Group Agent is appointed by the Lender(s) in such Group. Upon such acceptance of its appointment as Group Agent for such Group hereunder by a successor Group Agent, such successor Group Agent shall succeed to and become vested with all the rights and duties of the resigning Group Agent, and the resigning Group Agent shall be discharged from its duties and obligations under the Transaction Documents. After any resigning Group Agent's resignation hereunder, the provisions of this Article XII and Article XIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was a Group Agent.

Section 12.09. Reliance on Group Agent. Unless otherwise advised in writing by a Group Agent or by any Credit Party in such Group Agent's Group, each party to this Agreement may assume that (i) such Group Agent is acting for the benefit and on behalf of each of the Credit Parties in its Group, as well as for the benefit of each assignee or other transferee from any such Person and (ii) each action taken by such Group Agent has been duly authorized and approved by all necessary action on the part of the Credit Parties in its Group.

ARTICLE XIII

INDEMNIFICATION

Section 13.01. Indemnities by the Borrower. (a) Without limiting any other rights that the Administrative Agent, the Credit Parties, the Affected Persons and their respective assigns, officers, directors, agents and employees (each, a "Borrower Indemnified Party") may have hereunder or under Applicable Law, the Borrower hereby agrees to indemnify each Borrower Indemnified Party from and against any and all claims, losses and liabilities (including Attorney Costs) (all of the foregoing being collectively referred to as "Borrower Indemnified Amounts") arising out of or resulting from this Agreement or any other Transaction Document or the use of proceeds of the Credit Extensions or the security interest in respect of any Pool Receivable or any other Collateral; excluding, however, (x) Borrower Indemnified Amounts to the extent a final non-appealable judgment of a court of competent jurisdiction holds that such Borrower Indemnified Amounts resulted from the gross negligence or willful misconduct by the Borrower Indemnified Party seeking indemnification, (y) Borrower Indemnified Amounts resulting from a claim brought by the Borrower, any Originator, the Servicer, or the Performance Guarantor against a Borrower Indemnified Party for breach in bad faith of such Borrower Indemnified Party's obligations hereunder or under any other Transaction Document, if such party has obtained a final and nonappealable judgment in its favor on such claim against the Borrower Indemnified Party as

determined by a court of competent jurisdiction and (z) Taxes that are either (i) indemnified by Section 5.03 or (ii) Taxes other than Taxes arising from any non-Tax Borrower Indemnified Amount (provided that this clause (z) shall not operate to exclude from Borrower Indemnified Amounts any Taxes described in clause (xiv) below). Without limiting or being limited by the foregoing, the Borrower shall pay on demand (it being understood that if any portion of such payment obligation is made from Collections, such payment will be made at the time and in the order of priority set forth in Section 4.01), to each Borrower Indemnified Party any and all amounts necessary to indemnify such Borrower Indemnified Party from and against any and all Borrower Indemnified Amounts relating to or resulting from any of the following (but excluding Borrower Indemnified Amounts and Taxes described in clauses (x) through (z) above):

- (i) any Pool Receivable which the Borrower or the Servicer includes as an Eligible Receivable as part of the Net Receivables Pool Balance but which is not an Eligible Receivable at such time;
- (ii) any representation, warranty or statement made or deemed made by the Borrower (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents, any Information Package, any Interim Report or any other information or report delivered by or on behalf of the Borrower pursuant hereto which shall have been untrue or incorrect when made or deemed made;
- (iii) the failure by the Borrower to comply with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;
- (iv) the failure to vest in the Administrative Agent a first priority perfected security interest in all or any portion of the Collateral, in each case free and clear of any Adverse Claim;
- (v) the failure to have filed, or any delay in filing, financing statements, financing statement amendments, continuation statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other Applicable Laws with respect to any Pool Receivable and the other Collateral and Collections in respect thereof, whether at the time of any Credit Extension or at any subsequent time;
- (vi) any dispute, claim or defense (other than discharge in bankruptcy) of an Obligor to the payment of any Pool Receivable (including, without limitation, a defense based on such Pool Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from or relating to collection activities with respect to such Pool Receivable, or any other claim resulting from the sale of goods or the rendering of services related to such Pool Receivable or the furnishing or failure to furnish any such goods or services or other similar claim or defense not arising from the financial inability of any Obligor to pay undisputed indebtedness;

- (vii) any failure of the Borrower to perform any of its duties or obligations in accordance with the provisions hereof and of each other Transaction Document related to Pool Receivables or to timely and fully comply with the Credit and Collection Policy in regard to each Pool Receivable;
- (viii) any products liability, environmental or other claim arising out of or in connection with any Pool Receivable or other merchandise, goods or services which are the subject of or related to any Pool Receivable;
- (ix) the commingling of Collections of Pool Receivables at any time with other funds;
- (x) any investigation, litigation or proceeding (actual or threatened) related to this Agreement or any other Transaction Document or the use of proceeds of any Credit Extensions or in respect of any Pool Receivable or other Collateral or any related Contract;
- (xi) any failure of the Borrower to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document;
- (xii) any setoff with respect to any Pool Receivable;
- (xiii) any claim brought by any Person other than a Borrower Indemnified Party arising from any activity by the Borrower or any Affiliate of the Borrower in servicing, administering or collecting any Pool Receivable;
- (xiv) the failure by the Borrower to pay when due any taxes, including, without limitation, sales, excise or personal property taxes;
- (xv) any failure of a Collection Account Bank to comply with the terms of the applicable Account Control Agreement, the termination by a Collection Account Bank of any Account Control Agreement or any amounts (including in respect of any indemnity) payable by the Administrative Agent to a Collection Account Bank under any Account Control Agreement;
- (xvi) any action taken by the Administrative Agent as attorney-in-fact for the Borrower, any Originator or the Servicer pursuant to this Agreement or any other Transaction Document;
- (xvii) the failure or delay to provide any Obligor with an invoice or other evidence of indebtedness;
- (xviii) the use of proceeds of any Credit Extension; or
- (xix) any reduction in Capital as a result of the distribution of Collections if all or a portion of such distributions shall thereafter be rescinded or otherwise must be returned for any reason.

(b) Notwithstanding anything to the contrary in this Agreement, solely for purposes of the Borrower's indemnification obligations in clauses (ii), (iii), (vii) and (xi) of this Article XIII, any representation, warranty or covenant qualified by the occurrence or non-occurrence of a material adverse effect or similar concepts of materiality shall be deemed to be not so qualified.

(c) If for any reason the foregoing indemnification is unavailable to any Borrower Indemnified Party or insufficient to hold it harmless, then the Borrower shall contribute to such Borrower Indemnified Party the amount paid or payable by such Borrower Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Borrower and its Affiliates on the one hand and such Borrower Indemnified Party on the other hand in the matters contemplated by this Agreement as well as the relative fault of the Borrower and its Affiliates and such Borrower Indemnified Party with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Borrower under this Section shall be in addition to any liability which the Borrower may otherwise have, shall extend upon the same terms and conditions to each Borrower Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Borrower and the Borrower Indemnified Parties.

(d) Any indemnification or contribution under this Section shall survive the termination of this Agreement.

Section 13.02. Indemnification by the Servicer. (a) The Servicer hereby agrees to indemnify and hold harmless the Borrower, the Administrative Agent, the Credit Parties, the Affected Persons and their respective assigns, officers, directors, agents and employees (each, a "Servicer Indemnified Party"), from and against any loss, liability, expense, damage or injury suffered or sustained by reason of any acts, omissions or alleged acts or omissions arising out of activities of the Servicer pursuant to this Agreement or any other Transaction Document, including any judgment, award, settlement, Attorney Costs and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim (all of the foregoing being collectively referred to as, "Servicer Indemnified Amounts"); excluding (i) Servicer Indemnified Amounts to the extent a final non-appealable judgment of a court of competent jurisdiction holds that such Servicer Indemnified Amounts resulted from the gross negligence or willful misconduct by the Servicer Indemnified Party seeking indemnification, (ii) Servicer Indemnified Amounts to the extent resulting from a claim brought by the Borrower, any Originator, the Servicer, or the Performance Guarantor against a Servicer Indemnified Party for breach in bad faith of such Servicer Indemnified Party's obligations hereunder or under any other Transaction Document, if such party has obtained a final and nonappealable judgment in its favor on such claim against the Servicer Indemnified Party as determined by a court of competent jurisdiction, (iii) Taxes that are either (i) indemnified by Section 5.03 or (ii) Taxes other than Taxes arising from any non-Tax Servicer Indemnified Amount (provided that this clause (iii) shall not operate to exclude from Servicer Indemnified Amounts any Taxes described in clause (viii) below) and (iv) Servicer Indemnified Amounts to the extent the same includes losses in respect of Pool Receivables that are uncollectible solely on account of the insolvency, bankruptcy, lack of creditworthiness or other financial inability to pay of the related Obligor. Without limiting or being limited by the foregoing, the Servicer shall pay on demand, to each Servicer Indemnified Party any and all amounts

necessary to indemnify such Servicer Indemnified Party from and against any and all Servicer Indemnified Amounts relating to or resulting from any of the following (but excluding Servicer Indemnified Amounts described in clauses (i) through (iv) above):

- (i) any representation, warranty or statement made or deemed made by the Servicer (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents, any Information Package, any Interim Report or any other information or report delivered by or on behalf of the Servicer pursuant hereto which shall have been untrue or incorrect when made or deemed made;
- (ii) the failure by the Servicer to comply with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;
- (iii) any failure of the Servicer to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document to which it is a party in its capacity as Servicer;
- (iv) the commingling of Collections of Pool Receivables at any time with other funds;
- (v) any failure of a Collection Account Bank to comply with the terms of the applicable Account Control Agreement, the termination by a Collection Account Bank of any Account Control Agreement or any amounts (including in respect of indemnity) payable by the Administrative Agent to a Collection Account Bank under any Account Control Agreement; or
- (vi) any failure or delay in invoicing any Pool Receivable;
- (vii) any Pool Receivable which the Servicer includes as an Eligible Receivable as part of the Net Receivables Pool Balance but which is not an Eligible Receivable at such time; or
- (viii) the failure to cause the Borrower to pay when due any taxes, including, without limitation, sales, excise or personal property taxes; except, however, the Servicer shall have no responsibility for payment of any Taxes related to income reflected on a consolidated, combined or unitary return filed by the parent (or other member besides Borrower) of a consolidated, combined or unitary group including Borrower.

(b) If for any reason the foregoing indemnification is unavailable to any Servicer Indemnified Party or insufficient to hold it harmless, then the Servicer shall contribute to the amount paid or payable by such Servicer Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Servicer and its Affiliates on the one hand and such Servicer Indemnified Party on the other hand in the matters contemplated by this Agreement as well as the relative fault of the Servicer and its Affiliates and such Servicer Indemnified Party with respect to such loss, claim, damage or liability

and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Servicer under this Section shall be in addition to any liability which the Servicer may otherwise have, shall extend upon the same terms and conditions to Servicer Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Servicer and the Servicer Indemnified Parties.

- (c) Any indemnification or contribution under this Section shall survive the termination of this Agreement.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Amendments, Etc. (a) No failure on the part of any Credit Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. No amendment or waiver of any provision of this Agreement or consent to any departure by either the Borrower or the Servicer shall be effective unless in a writing signed by the Administrative Agent and the Majority Group Agents (and, in the case of any amendment, also signed by the Borrower), and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that (A) no amendment, waiver or consent shall, unless in writing and signed by the Servicer, affect the rights or duties of the Servicer under this Agreement; and (B) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent and each Group Agent:

- (i) change (directly or indirectly) the definitions of, Borrowing Base Deficit, Defaulted Receivable, Delinquent Receivable, Eligible Receivable, Facility Limit, Scheduled Termination Date, Net Receivables Pool Balance or Total Reserves contained in this Agreement, or increase the then existing Concentration Percentage or Special Concentration Limit for any Obligor or change the calculation of the Borrowing Base;
- (ii) reduce the amount of Capital or Interest that is payable on account of any Loan or delay any scheduled date for payment thereof;
- (iii) change any Event of Default or Early Amortization Event;
- (iv) release all or a material portion of the Collateral from the Administrative Agent's security interest created hereunder;
- (v) release the Performance Guarantor from any of its obligations under the Performance Guaranty or terminate the Performance Guaranty;
- (vi) change any of the provisions of this Section 14.01 or the definition of "Majority Group Agents";

- (vii) change the order of priority in which Collections are applied pursuant to Section 4.01; or
- (viii) amend or waive any of the requirements of Section 6.02.

Notwithstanding the foregoing, (A) no amendment, waiver or consent shall increase any Lender's Commitment hereunder without the consent of such Lender, (B) no amendment, waiver or consent shall reduce any Fees payable by the Borrower to any Group or delay the dates on which any such Fees are payable, in either case, without the consent of the Group Agent for such Group, and (C) no consent with respect to any amendment, waiver or other modification of this Agreement shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clauses (i)-(vii) above and then only in the event such Defaulting Lender shall be directly affected by such amendment, waiver or other modification.

Section 14.02. Notices, Etc. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall include email and facsimile communication) and emailed, faxed or delivered, to each party hereto, at its address set forth under its name on Schedule III hereto or at such other address as shall be designated by such party in a written notice to the other parties hereto. Notices and communications by facsimile shall be effective when sent (and shall be followed by hard copy sent by regular mail), notices and communications sent by email shall be effective when confirmed by electronic receipt or otherwise acknowledged, and notices and communications sent by other means shall be effective when received.

Section 14.03. Assignability; Addition of Lenders.

(a) *Assignment by Conduit Lenders.* This Agreement and the rights of each Conduit Lender hereunder (including its right to receive payments of Capital and Interest) shall be assignable by such Conduit Lender and its successors and permitted assigns (i) to any Program Support Provider of such Conduit Lender without prior notice to or consent from the Borrower or any other party, or any other condition or restriction of any kind, (ii) to any other Lender with prior notice to the Borrower but without consent from the Borrower or (iii) with the prior written consent of the Borrower (such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that such consent shall not be required if an Early Amortization Event, an Event of Default or Unmatured Event of Default has occurred and is continuing), to any other Eligible Assignee. Each assignor of Capital (or any portion thereof) or any interest therein may, in connection with the assignment or participation, disclose to the assignee or Participant any information relating to the Borrower and its Affiliates, including the Receivables, furnished to such assignor by or on behalf of the Borrower and its Affiliates or by the Administrative Agent; *provided* that, prior to any such disclosure, the assignee or Participant agrees to preserve the confidentiality of any confidential information relating to the Borrower and its Affiliates received by it from any of the foregoing entities in a manner consistent with Section 14.06(b).

(b) *Assignment by Committed Lenders.* Each Committed Lender may assign to any Eligible Assignee or to any other Committed Lender all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and any Loan or interests therein owned by it); *provided, however* that

(i) except for an assignment by a Committed Lender to an Affiliate of such Committed Lender that is an Approved Commercial Bank, each such assignment shall require the prior written consent of the Borrower (such consent not to be unreasonably withheld, conditioned or delayed; *provided, however*, that such consent shall not be required if an Early Amortization Event, an Event of Default or an Unmatured Event of Default has occurred and is continuing);

(ii) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement;

(iii) the amount being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance Agreement with respect to such assignment) shall in no event be less than the lesser of (x) \$10,000,000 and (y) all of the assigning Committed Lender's Commitment; and

(iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance Agreement.

Upon such execution, delivery, acceptance and recording from and after the effective date specified in such Assignment and Acceptance Agreement, (x) the assignee thereunder shall be a party to this Agreement, and to the extent that rights and obligations under this Agreement have been assigned to it pursuant to such Assignment and Acceptance Agreement, have the rights and obligations of a Committed Lender hereunder and (y) the assigning Committed Lender shall, to the extent that rights and obligations have been assigned by it pursuant to such Assignment and Acceptance Agreement, relinquish such rights and be released from such obligations under this Agreement (and, in the case of an Assignment and Acceptance Agreement covering all or the remaining portion of an assigning Committed Lender's rights and obligations under this Agreement, such Committed Lender shall cease to be a party hereto).

(c) *Register.* The Administrative Agent shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain at its address referred to on Schedule III of this Agreement (or such other address of the Administrative Agent notified by the Administrative Agent to the other parties hereto) a copy of each Assignment and Acceptance Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Committed Lenders and the Conduit Lenders, the Commitment of each Committed Lender and the aggregate outstanding Capital (and stated interest) of the Loans of each Committed Lender and Conduit Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Servicer, the Administrative Agent, the Group Agents, the Lenders and the other Credit Parties may treat each Person whose name is recorded in the Register as a Committed Lender or a Conduit Lender, as the case may be, under this Agreement for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, the Servicer, any Group Agent, any Committed Lender, any Group Agent or any Conduit Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) *Procedure.* Upon its receipt of an Assignment and Acceptance Agreement executed and delivered by an assigning Committed Lender and an Eligible Assignee or assignee Committed Lender, the Administrative Agent shall, if such Assignment and Acceptance Agreement has been duly completed, (i) accept such Assignment and Acceptance Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower and the Servicer.

(e) *Participations.* Each Committed Lender may sell participations to one or more Eligible Assignees (each, a “Participant”) in or to all or a portion of its rights and/or obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the interests in the Loans owned by it); *provided, however,* that

(i) such Committed Lender’s obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, and

(ii) such Committed Lender shall remain solely responsible to the other parties to this Agreement for the performance of such obligations.

(iii) Such Committed Lender agrees that any agreement between such Committed Lender and any such Participant in respect of such participating interest shall not restrict such Committed Lender’s right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 14.01(a)(B).

The Administrative Agent, the Group Agents, the Committed Lenders, the Group Agents, the Conduit Lenders, the Borrower and the Servicer shall have the right to continue to deal solely and directly with such Committed Lender in connection with such Committed Lender’s rights and obligations under this Agreement. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 5.01 and 5.03 (subject to the requirements and limitations therein, including the requirements under Section 5.03(f) (it being understood that the documentation required under Section 5.03(f) shall be delivered to the participating Lender)) to the same extent as if it were a Committed Lender and had acquired its interest by assignment pursuant to clause (b) of this Section; provided that such Participant shall not be entitled to receive any greater payment under Section 5.01 or 5.03, 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.

(f) *Participant Register.* Each Committed Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under this Agreement (the “Participant Register”); *provided* that no Committed 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 or its other obligations under any this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan 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 Committed 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.

(g) *Assignments by Agents.* This Agreement and the rights and obligations of the Administrative Agent and each Group Agent herein shall be assignable by the Administrative Agent or such Group Agent, as the case may be, and its successors and assigns; *provided* that in the case of an assignment to a Person that is not an Affiliate of the Administrative Agent or such Group Agent, so long as no Event of Default or Unmatured Event of Default has occurred and is continuing, such assignment shall require the Borrower's consent (not to be unreasonably withheld, conditioned or delayed).

(h) *Assignments by the Borrower or the Servicer.* Neither the Borrower nor, except as provided in Section 9.01, the Servicer may assign any of its respective rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent and each Group Agent (such consent to be provided or withheld in the sole discretion of such Person).

(i) *Addition of New Lenders or Groups.* The Borrower may, with written notice to and the consent of the Administrative Agent and each Group Agent, add additional Persons as Lenders (by creating a new Group) or cause an existing Lender to increase its Commitment; *provided, however*, that the Commitment of any existing Lender may only be increased with the prior written consent of such Lender. Each new Lender (or Group) shall become a party hereto, by executing and delivering to the Administrative Agent and the Borrower, an assumption agreement (each, an "Assumption Agreement") in the form of Exhibit C hereto (which Assumption Agreement shall, in the case of any new Lender, be executed by each Person in such new Lender's Group).

(j) *Pledge to a Federal Reserve Bank.* Notwithstanding anything to the contrary set forth herein, (i) any Lender, Program Support Provider or any of their respective Affiliates may at any time pledge or grant a security interest in all or any portion of its interest in, to and under this Agreement (including, without limitation, rights to payment of Capital and Interest) and any other Transaction Document to secure its obligations to a Federal Reserve Bank, without notice to or the consent of the Borrower, the Servicer, any Affiliate thereof or any Credit Party; *provided, however*, that that no such pledge shall relieve such assignor of its obligations under this Agreement.

(k) *Pledge to a Security Trustee.* Notwithstanding anything to the contrary set forth herein, any Conduit Lender may at any time pledge or grant a security interest in all or any portion of its interest in, to and under this Agreement (including, without limitation, rights to payment of Capital and Interest) and any other Transaction Document to a collateral trustee (or Person acting in a similar capacity) as collateral security in connection with such Conduit Lender's asset-backed

commercial paper note program, without notice to or the consent of the Borrower, the Servicer, any Affiliate thereof or any Credit Party; *provided, however,* that that no such pledge shall relieve such assignor of its obligations under this Agreement.

Section 14.04. Costs and Expenses. In addition to the rights of indemnification granted under Section 13.01 hereof, the Borrower agrees to pay on demand all reasonable and documented out-of-pocket costs and expenses in connection with the preparation, negotiation, execution, delivery and administration of this Agreement, any Program Support Agreement (or any supplement or amendment thereof) related to this Agreement and the other Transaction Documents (together with all amendments, restatements, supplements, consents and waivers, if any, from time to time hereto and thereto), including, without limitation, (i) the reasonable Attorney Costs for the Administrative Agent and the other Credit Parties and any of their respective Affiliates with respect thereto and with respect to advising the Administrative Agent and the other Credit Parties and their respective Affiliates as to their rights and remedies under this Agreement and the other Transaction Documents, (ii) reasonable and documented out-of-pocket accountants', auditors' and consultants' fees and expenses for the Administrative Agent and the other Credit Parties and any of their respective Affiliates incurred in connection with the administration and maintenance of this Agreement or advising the Administrative Agent or any other Credit Party as to their rights and remedies under this Agreement or as to any actual or reasonably claimed breach of this Agreement or any other Transaction Document and (iii) the reasonable and documented fees and charges of any nationally recognized statistical rating agency incurred in relation to the rating of any Notes (solely to the extent related to this Agreement). In addition, the Borrower agrees to pay on demand all reasonable and documented out-of-pocket costs and expenses (including reasonable Attorney Costs), of the Administrative Agent and the other Credit Parties and their respective Affiliates, incurred in connection with the enforcement of any of their respective rights or remedies under the provisions of this Agreement and the other Transaction Documents.

Section 14.05. No Proceedings; Limitation on Payments. (a) Each of the Servicer, Borrower, the Administrative Agent, the Servicer, each Group Agent, each Lender and each assignee of Capital or any Interest thereof or of any other Borrower Obligations agrees that it will not institute against, or join any other Person in instituting against, any Conduit Lender any Insolvency Proceeding so long as any Notes or other senior indebtedness issued by such Conduit Lender shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Notes or other senior indebtedness shall have been outstanding.

(b) Each of the Servicer, each Group Agent, each Lender and each assignee of a Loan or any interest therein, hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, the Borrower any Insolvency Proceeding until one year and one day after the Final Payout Date; *provided,* that the Administrative Agent may take any such action in its sole discretion following the occurrence of an Event of Default.

(c) Notwithstanding any provisions contained in this Agreement to the contrary, a Conduit Lender shall not, and shall be under no obligation to, pay any amount, if any, payable by it pursuant to this Agreement or any other Transaction Document unless (i) such Conduit Lender has received funds which may be used to make such payment and which funds are not required to repay such Conduit Lender's Notes when due and (ii) after giving effect to such payment, either

(x) such Conduit Lender could issue Notes to refinance all of its outstanding Notes (assuming such outstanding Notes matured at such time) in accordance with the program documents governing such Conduit Lender's securitization program or (y) all of such Conduit Lender's Notes are paid in full. Any amount which any Conduit Lender does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in Section 101 of the Bankruptcy Code) against or company obligation of such Conduit Lender for any such insufficiency unless and until such Conduit Lender satisfies the provisions of clauses (i) and (ii) above. The provisions of this Section 14.05 shall survive any termination of this Agreement.

Section 14.06. Confidentiality. (a) Each of the Borrower and the Servicer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Agreement or the Fee Letter (including any fees payable in connection with this Agreement, the Fee Letter or any other Transaction Document or the identity of the Administrative Agent or any other Credit Party), except as the Administrative Agent, each Group Agent and each Lender may have consented to in writing prior to any proposed disclosure; *provided, however*, that it may disclose such information (i) to its Advisors and Representatives, (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Borrower, the Servicer or their Advisors and Representatives or (iii) to the extent it should be (A) required by Applicable Law, or in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information; *provided*, that, in the case of clause (iii) above, the Borrower and the Servicer will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by Applicable Law) notify the Administrative Agent and the affected Credit Party of its intention to make any such disclosure prior to making such disclosure. Each of the Borrower and the Servicer agrees to be responsible for any breach of this Section 14.06 by its Representatives and Advisors and agrees that its Representatives and Advisors will be advised by it of the confidential nature of such information and shall agree to comply with this Section 14.06. Notwithstanding the foregoing, it is expressly agreed that each of the Borrower, the Servicer and their respective Affiliates may publish a press release or otherwise publicly announce the existence and principal amount of the Commitments under this Agreement and the transactions contemplated hereby; *provided* that the Administrative Agent shall be provided a reasonable opportunity to review such press release or other public announcement prior to its release and provide comment thereon; and *provided, further*, that no such press release shall name or otherwise identify the Administrative Agent, any other Credit Party or any of their respective Affiliates without such Person's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed).

(b) Each of the Administrative Agent and each other Credit Party, severally and with respect to itself only, agrees to hold in confidence, and not disclose to any Person, any confidential and proprietary information concerning the Borrower, the Servicer and their respective Affiliates and their businesses or the terms of this Agreement (including any fees payable in connection with this Agreement or the other Transaction Documents), except as the Borrower or the Servicer may have consented to in writing prior to any proposed disclosure; *provided, however*, that it may disclose such information (i) to its Advisors and Representatives and to any related Program Support Provider on a need-to-know basis, (ii) to its assignees and Participants and potential assignees and Participants and their respective counsel if they agree in writing to hold it confidential on terms substantially identical to those set forth in this clause (b), (iii) to the extent

such information has become available to the public other than as a result of a disclosure by or through it or its Representatives or Advisors, or any related Program Support Provider, (iv) to any nationally recognized statistical rating organization solely in connection with obtaining or maintaining the rating of any Conduit Lender's Notes or as contemplated by 17 CFR 240.17g-5(a)(3), (v) at the request of a bank examiner or other regulatory authority or in connection with an examination of any of the Administrative Agent, any Group Agent or any Lender or any of their respective Affiliates or Program Support Providers or (vi) to the extent it should be (A) required by Applicable Law, or in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information; *provided*, that, in the case of clauses (iv) and (v) above, the Administrative Agent, each Group Agent and each Lender will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by Applicable Law) notify the Borrower and the Servicer of its making any such disclosure as promptly as reasonably practicable thereafter. Each of the Administrative Agent and each Lender, severally and with respect to itself only, agrees to be responsible for any breach of this Section 14.06 by its Representatives, Advisors and Program Support Providers and agrees that its Representatives, Advisors and Program Support Providers will be advised by it of the confidential nature of such information and shall agree to comply with this Section 14.06. Notwithstanding the foregoing, the Borrower and the Servicer each consents to the publication by the Administrative Agent or any other Credit Party of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement.

(c) As used in this Section, (i) "*Advisors*" means, with respect to any Person, such Person's accountants, attorneys and other confidential advisors and (ii) "*Representatives*" means, with respect to any Person, such Person's Affiliates, Subsidiaries, directors, managers, officers, employees, members, investors, financing sources, insurers, professional advisors, representatives and agents; *provided* that such Persons shall not be deemed to Representatives of a Person unless (and solely to the extent that) confidential information is furnished to such Person.

(d) Notwithstanding the foregoing, to the extent not inconsistent with applicable securities laws, each party hereto (and each of its employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as defined in Section 1.6011-4 of the Treasury Regulations and applicable state and local tax law) of the transactions contemplated by the Transaction Documents and all materials of any kind (including opinions or other tax analyses) that are provided to such Person relating to such tax treatment and tax structure.

Section 14.07. GOVERNING LAW. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT THE PERFECTION, THE EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF ADMINISTRATIVE AGENT OR ANY LENDER IN THE COLLATERAL IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK).

Section 14.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. The parties agree to electronic contracting and signatures with respect to this Agreement and the other Transaction Documents. Delivery of an electronic signature to, or a signed copy of, this Agreement and such other Transaction Documents by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes. The words "execution," "execute," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the other Transaction Documents shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Borrower, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Notwithstanding the foregoing, if any Lender shall request manually signed counterpart signatures to any Transaction Document, the Borrower hereby agrees to use its reasonable endeavors to provide such manually signed signature pages as soon as reasonably practicable (but in any event within 30 days of such request or such longer period as the requesting Lender and the Borrower may mutually agree). The Borrower agrees to assume all risks arising out of the use of electronic or digital signatures and electronic methods to submit communications to the Administrative Agent, including without limitation the risk of the Administrative Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 14.09. Integration; Binding Effect; Survival of Termination. This Agreement and the other Transaction Documents contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until the Final Payout Date; *provided, however*, that the provisions of Sections 5.01, 5.02, 5.03, 11.04, 11.06, 12.04, 13.01, 13.02, 14.04, 14.05, 14.06, 14.09, 14.11 and 14.13 shall survive any termination of this Agreement.

Section 14.10. Consent to Jurisdiction. (a) Each party hereto hereby irrevocably submits to the non-exclusive jurisdiction of any New York state or federal court sitting in New York City, New York in any action or proceeding arising out of or relating to this Agreement, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by applicable law, in such federal court. Nothing in this Section 14.10 shall affect the right of the Administrative Agent or any other Credit Party to bring any action or proceeding against the Borrower or the Servicer or any of their respective property in the courts of other jurisdictions. Each of the Borrower and the Servicer hereby irrevocably waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the Borrower and the Servicer consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to it at its address specified in Section 14.02. Nothing in this Section 14.10 shall affect the right of the Administrative Agent or any other Credit Party to serve legal process in any other manner permitted by applicable law.

Section 14.11. Waiver of Jury Trial. Each party hereto hereby waives, to the maximum extent permitted by applicable law, trial by jury in any judicial proceeding involving, directly or indirectly, any matter (whether sounding in tort, contract or otherwise) in any way arising out of, related to, or connected with this Agreement or any other Transaction Document.

Section 14.12. Ratable Payments. If any Credit Party, whether by setoff or otherwise, has payment made to it with respect to any Borrower Obligations in a greater proportion than that received by any other Credit Party entitled to receive a ratable share of such Borrower Obligations, such Credit Party agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Borrower Obligations held by the other Credit Parties so that after such purchase each Credit Party will hold its ratable proportion of such Borrower Obligations; *provided* that if all or any portion of such excess amount is thereafter recovered from such Credit Party, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 14.13. Limitation of Liability. (a) No claim may be made by the Borrower or any Affiliate thereof or any other Person against any Credit Party or their respective Affiliates, members, directors, officers, employees, incorporators, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any other Transaction Document, or any act, omission or event occurring in connection herewith or therewith; and each of the Borrower and the Servicer hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(b) The obligations of the Administrative Agent and each of the other Credit Parties under this Agreement and each of the Transaction Documents are solely the corporate obligations of such Person. No recourse shall be had for any obligation or claim arising out of or based upon this Agreement or any other Transaction Document against any member, director, officer, employee or incorporator of any such Person.

Section 14.14. Intent of the Parties. The Borrower has structured this Agreement with the intention that the Loans and the obligations of the Borrower hereunder will be treated under United States federal, and applicable state, local and foreign tax law as debt (the "Intended Tax Treatment"). The Borrower, the Servicer, the Administrative Agent and the other Credit Parties agree to file no tax return, or take any action, inconsistent with the Intended Tax Treatment unless

required by applicable law. Each assignee and each Participant acquiring an interest in a Credit Extension, by its acceptance of such assignment or participation, agrees to comply with the immediately preceding sentence.

Section 14.15. USA Patriot Act. Each of the Administrative Agent and each of the other Credit Parties hereby notifies the Borrower and the Servicer that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "PATRIOT Act"), the Administrative Agent and the other Credit Parties may be required to obtain, verify and record information that identifies the Borrower, the Originators, the Servicer and the Performance Guarantor, which information includes the name, address, tax identification number and other information regarding the Borrower, the Originators, the Servicer and the Performance Guarantor that will allow the Administrative Agent and the other Credit Parties to identify the Borrower, the Originators, the Servicer and the Performance Guarantor in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act. Each of the Borrower and the Servicer agrees to provide the Administrative Agent and each of the other Credit Parties, from time to time, with all documentation and other information required by bank regulatory authorities under "know your customer" and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act.

Section 14.16. Right of Setoff. Each Credit Party is hereby authorized (in addition to any other rights it may have), at any time during the continuance of an Event of Default, to setoff, appropriate and apply (without presentment, demand, protest or other notice which are hereby expressly waived) any deposits and any other indebtedness held or owing by such Credit Party (including by any branches or agencies of such Credit Party) to, or for the account of, the Borrower or the Servicer against amounts owing by the Borrower or the Servicer hereunder (even if contingent or unmatured); *provided* that such Credit Party shall notify the Borrower or the Servicer, as applicable, promptly following such setoff.

Section 14.17. Severability. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 14.18. Mutual Negotiations. This Agreement and the other Transaction Documents are the product of mutual negotiations by the parties thereto and their counsel, and no party shall be deemed the draftsman of this Agreement or any other Transaction Document or any provision hereof or thereof or to have provided the same. Accordingly, in the event of any inconsistency or ambiguity of any provision of this Agreement or any other Transaction Document, such inconsistency or ambiguity shall not be interpreted against any party because of such party's involvement in the drafting thereof.

Section 14.19. Captions and Cross References. The various captions (including the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Schedule or Exhibit are to such Section, Schedule or

Section 14.20. Acknowledgment Regarding Any Supported QFCs. To the extent that the Transaction Documents provide support, through a guarantee or otherwise, for any Hedging Agreement 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 Transaction 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):

(a) 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 Transaction 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 Transaction 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.

(b) Solely as used in this Section 14.20, the following terms have the following meanings:

“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.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“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.

“Hedging Agreement” means any agreement with respect to any swap, forward, future 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.

“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).

[SIGNATURE PAGES FOLLOW]

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

CONCENTRIX RECEIVABLES, INC.,
as the Borrower

By: /s/ Steven L. Richie
Name: Steven L. Richie
Title: Corporate Secretary

CONCENTRIX CORPORATION,
as the Servicer

By: /s/ Steven L. Richie
Name: Steven L. Richie
Title: Executive Vice President, Legal

[Signature Page to Receivables Financing Agreement]

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Group Agent for the PNC Group

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Committed Lender

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC CAPITAL MARKETS LLC,
as Structuring Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Managing Director

[Signature Page to Receivables Financing Agreement]

RELIANT TRUST,
as a Conduit Lender

By: Computershare Trust Company of Canada, in its
capacity as trustee of Reliant Trust, by its U.S.
Financial Services Agent, The Toronto-Dominion
Bank

By: /s/ Luna Mills
Name: Luna Mills
Title: Managing Director

THE TORONTO DOMINION BANK,
as a Group Agent for the TD Bank Group

By: /s/ Luna Mills
Name: Luna Mills
Title: Managing Director

[Signature Page to Receivables Financing Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Group Agent for the Wells Fargo Group

By: /s/ Dale Abernathy
Name: Dale Abernathy
Title: Director

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Committed Lender

By: /s/ Dale Abernathy
Name: Dale Abernathy
Title: Director

[Signature Page to Receivables Financing Agreement]

MUFG BANK, LTD., as Administrator for Gotham Funding Corporation, as Managing Agent for the MUFG Lender Group and as the MUFG Committed Lender

By: /s/ Eric Williams
Name: Eric Williams
Title: Managing Director

GOTHAM FUNDING CORPORATION, as the MUFG Conduit Lender

By: /s/ Kevin J. Corrigan
Name: Kevin J. Corrigan
Title: Vice President

MUFG BANK, LTD.,
as Administrator

By: /s/ Eric Williams
Name: Eric Williams
Title: Managing Director

[Signature Page to Receivables Financing Agreement]

EXHIBIT A

FORM OF LOAN REQUEST

[LETTERHEAD OF BORROWER]

[Date]

[Administrative Agent]

[Group Agents]

Re: Loan Request

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Financing Agreement, dated as of October 30, 2020 among Concentrix Receivables, Inc. (the "Borrower"), Concentrix Corporation, as Servicer (the "Servicer"), the Lenders party thereto, the Group Agents party thereto, PNC Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") and PNC Capital Markets LLC, as Structuring Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement"). Capitalized terms used in this Loan Request and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

This letter constitutes a Loan Request pursuant to Section 2.02(a) of the Agreement. The Borrower hereby request a Loan in the amount of [\$] to be made on [, 201] (of which \$[] will be funded by the PNC Lender, and \$[] will be funded by the [] Lender. The proceeds of such Loan should be deposited to [Account number], at [Name, Address and ABA Number of Bank]. After giving effect to such Loan, the Aggregate Capital will be \$[].

The Borrower hereby represents and warrants as of the date hereof, and after giving effect to such Credit Extension, as follows:

- (i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 of the Agreement are true and correct in all material respects on and as of the date of such Credit Extension as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;
- (ii) no Event of Default or Unmatured Event of Default has occurred and is continuing, and no Event of Default or Unmatured Event of Default would result from such Credit Extension;

-
- (iii) no Borrowing Base Deficit exists or would exist after giving effect to such Credit Extension; and
 - (iv) the Termination Date has not occurred.

IN WITNESS WHEREOF, the undersigned has executed this letter by its duly authorized officer as of the date first above written.

Very truly yours,

CONCENTRIX RECEIVABLES, INC.

By: _____
Name:
Title:

EXHIBIT B

[FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT]

Dated as of _____, 20____

SECTION 1.

Commitment assigned:	\$[]
Assignor's remaining Commitment:	\$[]
Capital allocable to Commitment assigned:	\$[]
Assignor's remaining Capital:	\$[]
Interest (if any) allocable to Capital assigned:	\$[]
Interest (if any) allocable to Assignor's remaining Capital:	\$[]

SECTION 2.

Effective Date of this Assignment and Acceptance Agreement: []

Upon execution and delivery of this Assignment and Acceptance Agreement by the assignee and the assignor and the satisfaction of the other conditions to assignment specified in Section 14.03(b) of the Agreement (as defined below), from and after the effective date specified above, the assignee shall become a party to, and, to the extent of the rights and obligations thereunder being assigned to it pursuant to this Assignment and Acceptance Agreement, shall have the rights and obligations of a Committed Lender under that certain Receivables Financing Agreement, dated as of October 30, 2020 among Concentrix Receivables, Inc., as Borrower, Concentrix Corporation, as Servicer, the Lenders party thereto, the Group Agents party thereto, PNC Bank, National Association, as Administrative Agent and PNC Capital Markets LLC, as Structuring Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement").

[Signature Pages Follow]

ASSIGNOR:

[]

By: _____

Name:
Title:

ASSIGNEE:

[]

By: _____

Name:
Title:

[Address]

Accepted as of date first above written:

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____

Name:
Title:

CONCENTRIX RECEIVABLES, INC.,
as Borrower

By: _____

Name:
Title:

EXHIBIT C

FORM OF ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT (this "Agreement"), dated as of [], is among Concentrix Receivables, Inc. (the "Borrower"), [], as Conduit Lender (the "[] Conduit Lender"), [], as the Related Committed Lender (the "[] Committed Lender") and together with the Conduit Lender, the "[] Lenders"), and [], as group agent for the [] Lenders (the "[] Group Agent" and together with the [] Lenders, the "[] Group").

BACKGROUND

The Borrower and various others are parties to a certain Receivables Financing Agreement, dated as of October 30, 2020 (as amended through the date hereof and as the same may be amended, amended and restated, supplemented or otherwise modified from time to time, the "Receivables Financing Agreement"). Capitalized terms used and not otherwise defined herein have the respective meaning assigned to such terms in the Receivables Financing Agreement.

NOW, THEREFORE, the parties hereto hereby agree as follows:

Section 1. This letter constitutes an Assumption Agreement pursuant to Section 14.03(i) of the Receivables Financing Agreement. The Borrower desires the Lender to [become a Group] [increase its existing Commitment] under the Receivables Financing Agreement, and upon the terms and subject to the conditions set forth in the Receivables Financing Agreement, the Lender agrees to [become a Lender within a Group thereunder] [increase its Commitment to the amount set forth as its "Commitment" under the signature of such Lender hereto].

The Borrower hereby represents and warrants to the [] Lender, the Group Agent and the Administrative Agent as of the date hereof, as follows:

- (i) the representations and warranties of the Borrower contained in Section 7.01 of the Receivables Financing Agreement are true and correct on and as of such date as though made on and as of such date;
- (ii) no Event of Default or Unmatured Event of Default has occurred and is continuing, or would result from the assumption contemplated hereby; and
- (iii) the Termination Date has not occurred.

Section 2. Upon execution and delivery of this Agreement by the Borrower and each member of the Group, satisfaction of the other conditions with respect to the addition of a Group specified in Section 14.03(i) of the Receivables Financing Agreement (including the written consent of the Administrative Agent) and receipt by the Administrative Agent of counterparts of this Agreement (whether by facsimile or otherwise) executed by each of the parties hereto, [the Lender shall become a party to, and have the rights and obligations of a Lender under, the

Receivables Financing Agreement and the "Commitment" with respect to such Group shall be as set forth under the signature of such Lender hereto] [the Lender shall increase its Commitment to the amount set forth as the "Commitment" under the signature of the Lender hereto].

Section 3. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF. This Agreement may not be amended or supplemented except pursuant to a writing signed by each of the parties hereto and may not be waived except pursuant to a writing signed by the party to be charged. This Agreement may be executed in counterparts, and by the different parties on different counterparts, each of which shall constitute an original, but all together shall constitute one and the same agreement.

(Signature Pages Follow)

[_____],
as Conduit Lender

By: _____
Name: _____
Title: _____

[Address]

[_____],
as Group Agent for [_____]

By: _____
Name Printed: _____
Title: _____

[Address]

[_____],
as Committed Lender

By: _____
Name Printed: _____
Title: _____

[Address]

[Commitment]

Concentrix Receivables, Inc.,
as Borrower

By: _____
Name: _____
Title: _____

Consented to as of the date first above written:

PNC Bank, National Association,
as Administrative Agent

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF REDUCTION NOTICE

[LETTERHEAD OF BORROWER]

[Date]

[Administrative Agent]

[Lenders]

Re: Reduction Notice

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Financing Agreement, dated as of October [30], 2020 among Concentrix Receivables, Inc. (the "Borrower"), Concentrix Corporation, as Servicer (the "Servicer"), the Lenders party thereto, the Group Agents party thereto, PNC Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") and PNC Capital Markets LLC, as Structuring Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement"). Capitalized terms used in this Reduction Notice and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

This letter constitutes a Reduction Notice pursuant to Section 2.02(d) of the Agreement. The Borrower hereby notifies the Administrative Agent and the Lenders that it shall prepay the outstanding Capital of the Lenders in the amount of [\$] to be made on [, 20]. After giving effect to such prepayment, the Aggregate Capital will be [\$].

The Borrower hereby represents and warrants as of the date hereof, and after giving effect to such reduction, as follows:

- (i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 of the Agreement are true and correct in all material respects on and as of the date of such prepayment as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;
- (ii) no Event of Default or Unmatured Event of Default has occurred and is continuing, and no Event of Default or Unmatured Event of Default would result from such prepayment;
- (iii) no Borrowing Base Deficit exists or would exist after giving effect to such prepayment; and
- (iv) the Termination Date has not occurred.

IN WITNESS WHEREOF, the undersigned has executed this letter by its duly authorized officer as of the date first above written.

Very truly yours,

CONCENTRIX RECEIVABLES, INC.

By: _____
Name:
Title:

D-2

FORM OF COMPLIANCE CERTIFICATE

To: PNC Bank, National Association, as Administrative Agent

This Compliance Certificate is furnished pursuant to that certain Receivables Financing Agreement, dated as of October [30], 2020 among Concentrix Receivables, Inc. (the "Borrower"), Concentrix Corporation, as Servicer (the "Servicer"), the Lenders party thereto, the Group Agents party thereto, PNC Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") and PNC Capital Markets LLC, as Structuring Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected _____ of the Servicer.
2. I have reviewed the terms of the Agreement and each of the other Transaction Documents and I have made, or have caused to be made under my supervision, a detailed review of the transactions and condition of the Borrower during the accounting period covered by the attached financial statements.
3. The examinations described in paragraph 2 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or an Unmatured Event of Default, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate **[, except as set forth in paragraph 5 below].**
4. Schedule I attached hereto sets forth financial statements of the Performance Guarantor and its Subsidiaries for the period referenced on such Schedule I **[and sets forth the calculation of [insert financial covenants if applicable].]**
- [5. Described below are the exceptions, if any, to paragraph 3 above by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Borrower has taken, is taking, or proposes to take with respect to each such condition or event:]**

The foregoing certifications are made and delivered this day of , 20 .

CONCENTRIX CORPORATION

By: _____
Name: _____
Title: _____

SCHEDULE I TO COMPLIANCE CERTIFICATE

A. Schedule of Compliance as of _____, 20____ with the Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

This schedule relates to the month ended: _____, 20____.

B. The following financial statements of the Performance Guarantor and its Subsidiaries for the period ending on _____, 20____, are attached hereto:

C. The calculation of the _____ for the fiscal quarter ended _____, 20____ is set forth below:

F-I-1

SCHEDULE I

COMMITMENTS

<u>Lender</u>	<u>Commitment</u>
PNC Bank, National Association	\$140,000,000
Wells Fargo Bank, National Association	\$ 70,000,000
MUFG Bank, Ltd.	\$ 70,000,000
The Toronto Dominion Bank	\$ 70,000,000

Schedule I-1

RECEIVABLES PURCHASE AGREEMENT

dated as of October 30, 2020

by and among

THE VARIOUS ENTITIES LISTED ON SCHEDULE I HERETO,
as Originators,

CONCENTRIX CORPORATION
as Servicer,

and

CONCENTRIX RECEIVABLES, INC.
as Company

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Schedule I	Jurisdiction of Organization of the Originators
Schedule II	Location of Books and Records of the Originators
Schedule III	Trade Names

EXHIBITS

Exhibit A	Form of Purchase Report
Exhibit B	Form of Subordinated Note
Exhibit C	Form of Joinder Agreement

This RECEIVABLES PURCHASE AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of October 30, 2020, is entered into by and among the VARIOUS ENTITIES LISTED ON SCHEDULE I HERETO (the "Originators", and individually, each an "Originator"), CONCENTRIX CORPORATION ("Concentrix"), as the initial Servicer and as the Contributing Originator (as defined below), and CONCENTRIX RECEIVABLES, INC., a Delaware corporation (the "Company").

BACKGROUND:

1. The Company is a special purpose corporation, all of the issued and outstanding equity interests of which are owned by Concentrix;
2. The Originators (other than Concentrix) generate Receivables in the ordinary course of their business;
3. The Originators wish to sell and/or, in the case of Concentrix in its capacity as an Originator (Concentrix, in such capacity, the "Contributing Originator"), contribute Receivables to the Company, and the Company is willing to purchase and/or accept Receivables from the Originators, on the terms and subject to the conditions set forth herein; and
4. The Originators and the Company intend this transaction to be a true sale and/or, in the case of the Contributing Originator, an absolute contribution and conveyance of Receivables by the Originators to the Company, providing the Company with the full benefits of ownership of the Receivables, and the Originators and the Company do not intend the transactions hereunder to be a loan from the Company to the Originators.
5. The Company intends to grant a security interest in the Receivables and their Related Rights to the Administrative Agent (for the ratable benefit of the Secured Parties according to their Capital as increased or reduced from time to time) pursuant to the Receivables Financing Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

DEFINITIONS

Unless otherwise indicated herein, capitalized terms used and not otherwise defined in this Agreement are defined in Section 1.01 of the Receivables Financing Agreement, dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Receivables Financing Agreement"), among the Company, as borrower, Concentrix, as the initial Servicer (in such capacity, the "Servicer"), the Persons from time to time party thereto as Lenders and as Group Agents, and PNC Bank, National Association, as Administrative Agent, and PNC Capital Markets LLC, as Structuring Agent. The usage of terms and provisions set forth in Section 1.02 of the Receivables Financing Agreement shall apply hereto as though set forth herein in their entirety. All references herein to months are to calendar months unless otherwise expressly indicated.

ARTICLE I
AGREEMENT TO PURCHASE AND SELL

SECTION 1.1 Agreement To Purchase and Sell. On the terms and subject to the conditions set forth in this Agreement, each Originator agrees to sell, or in the case of the Contributing Originator, contribute to the Company, and the Company agrees to purchase, or in the case of the Contributing Originator and contributed Receivables, accept from such Originator, from time to time on or after the Initial Funding Date, but before the Purchase and Sale Termination Date (as defined in Section 1.4), all of such Originator's right, title and interest in and to:

- (a) each Receivable of such Originator that existed and was owing to such Originator at the closing of such Originator's business on the Cut-Off Date, as defined below;
- (b) each Receivable generated by such Originator after the Cut-Off Date to, but excluding, the Purchase and Sale Termination Date;
- (c) all of such Originator's interest in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods), the sale of which gave rise to such Receivable;
- (d) all instruments and chattel paper that may evidence such Receivable;
- (e) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all UCC financing statements or similar filings relating thereto;
- (f) all of each Originator's rights, interests and claims under the related Contracts and all supporting obligations, guaranties, indemnities, letters of credit (including any letter of credit rights), insurance and other agreements (including the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Receivable or otherwise relating to such Receivable, whether pursuant to the Contract related to such Receivable or otherwise;
- (g) all books and records of each Originator to the extent related to any of the foregoing, and all rights, remedies, powers, privileges, title and interest (but not obligations) in and to each Lock-Box and all Collection Accounts, into which any Collections or other proceeds with respect to such Receivables may be deposited, and any related investment property acquired with any such Collections or other proceeds (as such term is defined in the applicable UCC); and

(i) all Collections and other proceeds (as defined in the UCC) of any of the foregoing.

All purchases and contributions hereunder shall be made without recourse, but shall be made pursuant to, and in reliance upon, the representations, warranties and covenants of such Originator set forth in this Agreement and each other Transaction Document. No obligation or liability to any Obligor on any Receivable is intended to be assumed by the Company hereunder, and any such assumption is expressly disclaimed. The property and the proceeds and rights described in clauses (c) through (i) are referred to herein, collectively, as the “Related Rights”, and the Company’s foregoing commitment to purchase or accept Receivables and Related Rights is herein called the “Purchase Facility.”

As used herein, “Cut-Off Date” means (a) with respect to each Originator party hereto on the date hereof, the date mutually agreed in writing among each Originator, the Company and the Administrative Agent in connection with the Initial Funding Date, and (b) with respect to any Originator that first becomes a party hereto after the date hereof, the Business Day immediately prior to the date on which such Originator becomes a party hereto or such other date as the Company and such Originator agree to in writing.

SECTION 1.2 Timing of Purchases.

(a) Initial Funding Date Purchases. Each Originator’s entire right, title and interest in (i) each Receivable that existed and was owing to such Originator at the Cut-Off Date, (ii) all Receivables created by such Originator after the Cut-Off Date, to and including, the Initial Funding Date, and (iii) all Related Rights with respect thereto automatically shall be deemed to have been sold or contributed, as applicable, by such Originator to the Company on the Initial Funding Date; provided that the sale, contribution or other conveyance of the Receivables and Related Rights hereunder on the Initial Funding Date shall be deemed to have occurred on the opening of the business on the date on which the first Advance is made under the Receivables Financing Agreement.

(b) Subsequent Purchases. After the Initial Funding Date, until the Purchase and Sale Termination Date, each Receivable and the Related Rights generated by each Originator shall be deemed to have been sold or contributed, as applicable, by such Originator to the Company immediately (and without further action) upon the creation of such Receivable (or, in the case of contributed Receivables, immediately upon the transfer of such Receivable by the applicable Originator to the Contributing Originator).

SECTION 1.3 Consideration for Purchases. On the terms and subject to the conditions set forth in this Agreement, the Company agrees to make Purchase Price payments to the Originators and to reflect all capital contributions in accordance with Article III.

SECTION 1.4 Purchase and Sale Termination Date. The “Purchase and Sale Termination Date” shall be the earlier to occur of (a) the date the Purchase Facility is terminated pursuant to Section 8.2; (b) the Early Amortization Date and (c) the Final Payout Date.

SECTION 1.5 Intention of the Parties. It is the express intent of each Originator and the Company that each conveyance by such Originator to the Company pursuant to this Agreement of any Receivables and Related Rights, including, without limitation, all Receivables, if any, constituting "general intangibles" (as defined in the UCC), and all Related Rights be construed as a valid and perfected sale (or contribution) and absolute assignment (without recourse except as provided herein) of such Receivables and Related Rights by such Originator to the Company (rather than the grant of a security interest to secure a debt or other obligation of such Originator) and that the right, title and interest in and to such Receivables and Related Rights conveyed to the Company be prior to the rights of and enforceable against all other Persons at any time, including, without limitation, lien creditors, secured lenders, purchasers and any Person claiming through such Originator. However, if, contrary to the mutual intent of the parties, any conveyance of Receivables, including without limitation any Receivables constituting general intangibles as defined in the UCC, and all Related Rights is not construed to be both a valid and perfected sale (or contribution) and absolute assignment of such Receivables and Related Rights, and a conveyance of such Receivables and Related Rights that is prior to the rights of and enforceable against all other Persons at any time, including without limitation lien creditors, secured lenders, purchasers and any Person claiming through such Originator, then, it is the intent of such Originator and the Company that, (i) this Agreement also shall be deemed to be, and hereby is, a security agreement within the meaning of the UCC; and (ii) such Originator shall be deemed to have granted to the Company as of the date of this Agreement, and such Originator hereby grants to the Company, a security interest in, to and under, all of such Originator's right, title and interest in and to the Receivables and the Related Rights transferred or purported to be transferred hereunder, whether now existing or hereafter created by such Originator, which security interest shall secure the obligations of such Originator under this Agreement.

ARTICLE II
PURCHASE REPORT; CALCULATION OF PURCHASE PRICE

SECTION 2.1 Purchase Report. On the Initial Funding Date and on each date when an Information Package or Interim Report is due to be delivered under the Receivables Financing Agreement (each such date, a "Purchase Report Date"), the Servicer shall deliver to the Company and each Originator a report in substantially the form of Exhibit A (each such report being herein called a "Purchase Report") setting forth, among other things:

- (a) the Purchase Price of all Receivables purchased by the Company from each Originator, or contributed to the capital of the Company by the Contributing Originator, as of the Cut-Off Date (in the case of the Purchase Report to be delivered on the Initial Funding Date);
- (b) the Purchase Price of all Receivables purchased by the Company from each Originator, or contributed to the capital of the Company by the Contributing Originator, during the calendar month, week or day, as applicable, immediately preceding such Purchase Report Date (in the case of each subsequent Purchase Report); and

(c) the calculations of reductions of the Purchase Price for any Receivables as provided in Sections 3.3(a) and (b).

SECTION 2.2 Calculation of Purchase Price. The "Purchase Price" to be paid to each Originator on any Payment Date in accordance with the terms of Article III for the Receivables that are purchased hereunder from such Originator shall be (i) determined in accordance with the following formula and (ii) subject to the reductions as provided in Sections 3.3(a) and (b):

PP = OB x FMVD

where:

PP = The Purchase Price for each Receivable as calculated on the relevant Payment Date (or, for the Initial Funding Date, on the Cut-Off Date).

OB = The Outstanding Balance of such Receivable on the relevant Payment Date (or, for the Initial Funding Date, on the Cut-Off Date).

FMVD = Fair Market Value Discount, as measured on such Payment Date, which is equal to a percentage calculated to provide the Company with a reasonable return on its investment in the Receivables after taking account of (i) the time value of money based upon the anticipated dates of collection of the Receivables and the cost to the Company of financing its investment in the Receivables during such period and (ii) the risk of nonpayment by the Obligors. The Originators and the Company may agree from time to time to change the Fair Market Value Discount based on changes in one or more of the items affecting the calculation thereof; provided that any change to the Fair Market Value Discount shall take effect as of the first day of a calendar month, shall apply only prospectively and shall not affect the Purchase Price payment in respect of Receivables which came into existence during any calendar month ending prior to the calendar month during which the Originators and the Company agree to make such change.

“Payment Date” means (i) the Initial Funding Date and (ii) each Business Day thereafter that the Originators are open for business.

ARTICLE III
PAYMENT OF PURCHASE PRICE

SECTION 3.1 Initial Purchase Price Payment. On the terms and subject to the conditions set forth in this Agreement, the Company agrees to pay to each Originator the Purchase Price for the purchase to be made from such Originator on the Initial Funding Date (i) to the extent the Company has cash available thereof, partially in cash (in an amount to be agreed between the Company and such Originator and set forth in the initial Purchase Report), (ii) the remainder by issuing a promissory note in the form of Exhibit B to such Originator (each such promissory note, as it may be amended, supplemented, endorsed or otherwise modified from time to time, together with all promissory notes issued from time to time in substitution thereof or renewal thereof in accordance with the Transaction Documents, each being herein called a “Subordinated Note”) with an initial principal amount equal to the remaining Purchase Price payable to such Originator not paid in cash or contributed to the Company’s capital, and (iii) in the case of the Contributing Originator, at the Contributing Originator’s election, by accepting a contribution to its capital.

SECTION 3.2 Subsequent Purchase Price Payments. On each Payment Date subsequent to the Initial Funding Date, on the terms and subject to the conditions set forth in this Agreement, the Company shall pay to each Originator the Purchase Price for the Receivables and the Related Rights generated by such Originator on such Payment Date:

(a) FIRST, in cash to the extent the Company has cash available therefor and such payment is not prohibited under the Receivables Financing Agreement;

(b) SECOND, to the extent any portion of the Purchase Price remains unpaid, (i) the principal amount outstanding under the applicable Subordinated Note shall, subject to subclause (j) below, be automatically increased by an amount equal to such remaining Purchase Price in an amount not to exceed the lesser of (A) the remaining unpaid portion of such Purchase Price and (B) the maximum aggregate amount of borrowings that could be borrowed under the Subordinated Notes without rendering the Borrower’s Net Worth less than the Required Capital Amount; and (ii) to the extent any portion of the Purchase Price remains unpaid after the allocations in clause (a) above, at the Contributing Originator’s election (in its sole discretion) by accepting a contribution to its capital in an amount equal to the remaining unpaid balance of such Purchase Price.

All amounts paid by the Company to any Originator shall be allocated first to the payment of any Purchase Price then due and unpaid, second to the payment of accrued and unpaid interest on the Subordinated Note of such Originator; third to the repayment of the principal outstanding on the Subordinated Note of such Originator to the extent of such outstanding principal thereof as of the date of such payment before such amounts may be allocated for any other purpose and fourth, as a distribution on capital. The Servicer shall make all appropriate record keeping entries with respect to each of the Subordinated Notes to reflect

the foregoing payments and reductions made pursuant to Section 3.3, and the Servicer's books and records shall constitute rebuttable presumptive evidence of the principal amount of, and accrued interest on, each of the Subordinated Notes at any time. Each Originator hereby irrevocably authorizes the Servicer to mark the Subordinated Notes "CANCELLED" and to return the Subordinated Notes to the Company upon the final payment thereof after the occurrence of the Purchase and Sale Termination Date.

If, on any Business Day, (i) the Contributing Originator has determined in its discretion that it no longer wishes to contribute Receivables to the Company or (ii) the Company is unable to pay the Purchase Price for Receivables and Related Rights pursuant to this Section 3.2, then the Contributing Originator or the Originators (as applicable) shall on such Business Day provide written notice thereof to the Administrative Agent and the Lenders.

SECTION 3.3 Settlement as to Specific Receivables and Dilution.

(a) If, (i) on the day of purchase or contribution of any Receivable from an Originator hereunder, any of the representations or warranties set forth in Sections 5.8, 5.11, 5.13, 5.14, 5.20, 5.22, 5.23 and 5.24 are not true with respect to such Receivable or (ii) as a result of any action or inaction (other than solely as a result of the failure to collect such Receivable due to a discharge in bankruptcy or similar insolvency proceeding or other credit related reasons with respect to the relevant Obligor) of an Originator, on any subsequent day, any of such representations or warranties set forth in Sections 5.8, 5.11, 5.13, 5.14, 5.20, 5.22, 5.23 and 5.24 is no longer true with respect to such Receivable, then the Purchase Price with respect to such Receivable shall be reduced by an amount equal to the Outstanding Balance of such Receivable and shall be accounted to such Originator as provided in clause (c) below; provided, that if the Company thereafter receives payment on account of Collections due with respect to such Receivable, the Company promptly shall deliver such funds to such Originator.

(b) If, on any day, the Outstanding Balance of any Receivable purchased or contributed hereunder is reduced or adjusted as a result of any defective, rejected, returned, repossessed or foreclosed goods or services, or any revision, cancellation, allowance, rebate, credit memo, discount or other adjustment made by the Company, any Originator, the Servicer, or any Affiliate of the Servicer or any setoff, counterclaim or dispute between or among the Company or any Affiliate of the Company, an Originator or any Affiliate of an Originator, or the Servicer or any Affiliate of the Servicer, and an Obligor, then the Purchase Price with respect to such Receivable shall be reduced by the amount of such net reduction or adjustment and shall be accounted to such Originator as provided in clause (c) below.

(c) Subject to clause (d) below, any reduction in the Purchase Price of any Receivable pursuant to clause (a) or (b) above shall be applied as a credit for the account of the Company against the Purchase Price of Receivables subsequently purchased by the Company from such Originator hereunder; provided, however if as of any Settlement Date there have been insufficiently large purchases of Receivables from any Originator to create a Purchase Price sufficient to so apply such aggregate credits against, then on such Settlement Date the aggregate amount of such excess credits:

(i) to the extent of any outstanding principal amount under the Subordinated Note payable to such Originator, shall be deemed to be a payment under, and shall be deducted from the principal amount outstanding under, the Subordinated Note payable to such Originator; and

(ii) after making any deduction pursuant to clause (i), above, shall be paid in cash to the Company by such Originator.

(d) At any time (i) at and following the request of the Company (either with respect to any specific payment or all such payments), (ii) when an Event of Default or an Unmatured Event of Default exists under the Receivables Financing Agreement, (iii) when the Aggregate Capital exceeds the Borrowing Base at such time under the Receivables Financing Agreement or (iv) on or after the Purchase and Sale Termination Date or the Termination Date, the amount of any such credit shall be paid by such Originator to the Company by deposit in immediately available funds into a Collection Account for application by the Servicer to the same extent as if Collections of the applicable Receivable in such amount had actually been received on such date.

SECTION 3.4 Reconveyance of Receivables. In the event that an Originator has paid to the Company the full Outstanding Balance of any Receivable pursuant to Section 3.3, the Company shall reconvey such Receivable to such Originator, without representation or warranty, but free and clear of all liens, security interests, charges, and encumbrances created by the Company.

ARTICLE IV
CONDITIONS OF PURCHASES; ADDITIONAL ORIGINATORS

SECTION 4.1 Conditions Precedent to the Closing Date. The Closing Date hereunder is subject to the condition precedent that the Company and the Administrative Agent (as the Company's assignee) shall have received, on or before the Closing Date, the following, each (unless otherwise indicated) dated the Closing Date, and each in form and substance reasonably satisfactory to the Company and the Administrative Agent (as the Company's assignee):

- (a) A copy of the resolutions or written consent of the board of directors or managers or other equivalent governing body of each Originator approving the Transaction Documents to be executed and delivered by it and the transactions contemplated thereby, certified by the Secretary or Assistant Secretary (or equivalent) of such Originator;
- (b) Good standing certificates, or an equivalent certificate, for each Originator issued as of a recent date reasonably acceptable to the Company and the Administrative Agent (as the Company's assignee) by the Secretary of State, or other equivalent authority, of the jurisdiction of such Originator's organization;
- (c) A certificate of the Secretary or Assistant Secretary (or equivalent) of each Originator certifying the names and true signatures of the officers authorized on such Person's behalf to sign the Transaction Documents to be executed and delivered by it (on

which certificate the Servicer, the Company and the Administrative Agent (as the Company's assignee) may conclusively rely until such time as the Servicer, the Company and the Administrative Agent (as the Company's assignee) shall receive from such Person a revised certificate meeting the requirements of this clause (c));

(d) The certificate or articles of incorporation, certificate of formation or other organizational document of each Originator (including all amendments and modifications thereto) duly certified by the Secretary of State, or other equivalent authority, of the jurisdiction of such Originator's organization as of a recent date, together with a copy of the by-laws, limited liability company agreement, or equivalent governing document of such Originator (including all amendments and modifications thereto), each duly certified by the Secretary or an Assistant Secretary (or equivalent) of such Originator;

(e) The forms of financing statements (Form UCC-1) that name each Originator as the debtor/seller and the Company as the buyer/assignor (and the Administrative Agent, for the benefit of the Secured Parties, as secured party/assignee) of the Receivables sold or contributed by such Originator as may be necessary or, in the Company's or the Administrative Agent's reasonable opinion, desirable under the UCC of all appropriate jurisdictions to perfect the Company's ownership interest in all Receivables and Related Rights (including, without limitation, Related Security) in which an ownership or security interest has been assigned to the Company hereunder;

(f) Written lien search results listing all effective financing statements that name the Originators as debtors or sellers and that are filed in each Originator's jurisdiction of organization, together with copies of such financing statements (none of which, except for those described in the foregoing clause (e) (and/or released or terminated, as the case may be, on or prior to the Initial Funding Date), shall cover any Receivable or any Related Rights which are to be sold or contributed to the Company hereunder), and tax and judgment lien search results showing no evidence of such liens filed against any Originator;

(g) Favorable opinions of counsel to the Originators, in form and substance reasonably satisfactory to the Company, the Administrative Agent (as the Company's assignee), and each Group Agent;

(h) A Subordinated Note in favor of each Originator, duly executed by the Company; and

(i) Evidence of (i) the execution and delivery by each Originator and the Company of each of the other Transaction Documents to be executed and delivered in connection herewith; and (ii) that each of the conditions precedent to the execution, delivery and effectiveness of such other Transaction Documents has been satisfied to the Company's and the Administrative Agent's (as the Company's assignee) satisfaction.

SECTION 4.2 Certification as to Representations and Warranties. Each Originator, by accepting the Purchase Price related to each purchase of Receivables generated by such

Originator, shall be deemed to have certified that the representations and warranties of such Originator contained in Article V, as from time to time amended in accordance with the terms hereof, are true and correct in all material respects (unless such representation or warranty contains a materiality qualification and, in such case, such representation or warranty shall be true and correct as made) on and as of such day, with the same effect as though made on and as of such day (except for representations and warranties which apply to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (unless such representation or warranty contains a materiality qualification and, in such case, such representation or warranty shall be true and correct as made) as of such earlier date).

SECTION 4.3 Additional Originators. (a) Additional Persons may be added as Originators hereunder, with the prior written consent of the Company, the Administrative Agent and each Group Agent (which consents may be granted or withheld in their sole discretion); provided that the following conditions are satisfied or waived in writing by the Administrative Agent and each Group Agent on or before the date of such addition:

- (i) the Servicer shall have given the Company, the Administrative Agent and each Group Agent at least thirty (30) days' prior written notice of such proposed addition and the identity of the proposed additional Originator and shall have provided such other information with respect to such proposed additional Originator as the Company, the Administrative Agent or any Group Agent may reasonably request;
- (ii) such proposed additional Originator shall have executed and delivered to the Company, the Administrative Agent, each Group Agent and the Servicer an agreement substantially in the form attached hereto as Exhibit C (a "Joinder Agreement");
- (iii) the Performance Guarantor shall have delivered a reaffirmation, acknowledgment and consent with respect to the Joinder Agreement of such proposed additional Originator;
- (iv) such proposed additional Originator shall have delivered to the Company and the Administrative Agent (as the Company's assignee) each of the documents with respect to such Originator described in Section 4.1, in each case in form and substance reasonably satisfactory to the Company and the Administrative Agent (as the Company's assignee);
- (v) no Purchase and Sale Termination Event shall have occurred and be continuing; and
- (vi) no Event of Default shall have occurred and be continuing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE ORIGINATORS

In order to induce the Company to enter into this Agreement and to make purchases hereunder, each Originator hereby makes with respect to itself the representations and warranties set forth in this Article V.

SECTION 5.1 Existence and Power. Each Originator is a corporation, limited liability company or limited partnership, as applicable. Each Originator is (i) duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, (ii) and has full power and authority under its organizational documents and under the laws of the jurisdiction of its organization or formation to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted and (iii) is duly qualified to do business, is in good standing as a foreign entity, and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.2 Power and Authority; Due Authorization. Each Originator (i) has all necessary power and authority to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and (C) sell, contribute or grant a security interest in the Receivables and the Related Rights to the Company on the terms and subject to the conditions herein provided, and (ii) has duly authorized by all necessary action such sale, contribution or grant and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party.

SECTION 5.3 Binding Obligations. This Agreement and each of the other Transaction Documents to which each Originator is a party constitutes the legal, valid and binding obligations of each such Originator, enforceable against each such Originator in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

SECTION 5.4 No Violation. The execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement and the other Transaction Documents to which each Originator is a party, and the fulfillment of the terms hereof and thereof, will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under its organizational documents or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other material agreement or instrument to which such Originator is a party or by which it or any of its properties is bound, (ii) result in the creation or imposition of any Adverse Claim other than Permitted Encumbrances upon any of its properties

pursuant to the terms of any such indenture, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument other than this Agreement and the other Transaction Documents or (iii) conflict with or violate any Applicable Law, except in each case to the extent that any such conflict, breach, default, Adverse Claim or violation could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.5 Litigation and Other Proceedings. (i) There is no action, suit, proceeding or investigation pending, or to such Originator's knowledge threatened in writing, against such Originator before any Governmental Authority and (ii) such Originator is not subject to any order, judgment, decree, injunction, stipulation or consent order of or with any Governmental Authority that, in the case of either of the foregoing clauses (i) and (ii), (A) asserts the invalidity of this Agreement or any other Transaction Document, (B) seeks to prevent the grant of a security interest in any Receivables or Related Rights transferred by such Originator to the Company, the ownership or acquisition by the Company of any Receivables or Related Rights or the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document, (C) is reasonably likely to be adversely determined and, if adversely determined, could reasonably be expected to materially and adversely affect the performance by each Originator of its obligations under, or the validity or enforceability of, this Agreement or any other Transaction Document or (D) individually or in the aggregate for all such actions, suits, proceedings and investigations could reasonably be expected to have a Material Adverse Effect.

SECTION 5.6 Governmental Approvals. Except where the failure to obtain or make such authorization, consent, order, approval or action could not reasonably be expected to have a Material Adverse Effect, all authorizations, consents, orders and approvals of, or other actions by, any Governmental Authority that are required to be obtained by each Originator in connection with the sale, contribution or grant of a security interest in the Receivables or Related Rights to the Company hereunder or the due execution, delivery and performance by each Originator of this Agreement or any other Transaction Document to which it is a party and the consummation by each Originator of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party have been obtained or made and are in full force and effect.

SECTION 5.7 Margin Regulations. No Originator is engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meanings of Regulations T, U and X of the Board of Governors of the Federal Reserve System).

SECTION 5.8 Valid Sale. Each sale of Receivables and the Related Rights made by each Originator pursuant to this Agreement shall constitute a valid sale, transfer and assignment of Receivables and Related Rights to the Company, enforceable against creditors of, and purchasers from, each such Originator, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

SECTION 5.9 Names and Location. Except as described in Schedule III, each Originator has not used any company or corporate names, trade names or assumed names since the date occurring five calendar years prior to the Closing Date other than its name set forth on the signature pages hereto. Each Originator is "located" (as such term is defined in the applicable UCC) in the jurisdiction specified in Schedule I and since the date occurring five calendar years prior to the Closing Date, has not been "located" (as such term is defined in the applicable UCC) in any other jurisdiction (except as specified in Schedule I). The office(s) where each Originator keeps its records concerning the Receivables is at the address(es) set forth on Schedule II.

SECTION 5.10 No Material Adverse Effect. Since November 30, 2019, there has been no Material Adverse Effect with respect to such Originator.

SECTION 5.11 Accuracy of Information. All certificates, reports, financial statements, documents and other information furnished to the Company, the Administrative Agent or any other Credit Party in writing by or on behalf of each Originator pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Company, the Administrative Agent or such other Credit Party, and does not contain any untrue statement of a material fact or omit to state a material fact or any fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; provided, that, with respect to projected business plans, forecasts and other projected financial information, the Originator represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, the Originator's reasonable estimate of its plans, forecasts or projections, as applicable, based on the information available at the time (it being acknowledged that actual results may vary, and such variations may be material).

SECTION 5.12 Compliance with Law. Each Originator has complied in all respects with all Applicable Laws to which it may be subject, except in such instances in which the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.13 Eligible Receivables. Each Receivable sold, contributed, transferred or assigned hereunder is an Eligible Receivable on the date of such sale, contribution, transfer or assignment, unless otherwise specified in the first Information Package or Interim Report that includes such Receivable.

SECTION 5.14 Credit and Collection Policy. Each Originator has complied in all material respects with the Credit and Collection Policy with regard to each Receivable sold or contributed by it hereunder and the related Contracts.

SECTION 5.15 Investment Company Act. No Originator is an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act.

SECTION 5.16 Anti-Money Laundering/International Trade Law Compliance. No Originator is a Sanctioned Person. To the actual knowledge of each Originator, no Obligor was a Sanctioned Person at the time of origination of any Receivable owing by such Obligor. No Originator, either in its own right or through any third party, (i) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; (ii) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person, in each case in violation of any Anti-Terrorism Law. Each Originator, its Subsidiaries and, to each Originator's knowledge, the Obligors have conducted their business in compliance in all material respects with all applicable Sanctions and in compliance with any other Anti-Terrorism Law and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

SECTION 5.17 Financial Condition.

(a) The combined balance sheet of the customer experience services business of SYNEX Corporation (the "CX Business") as of August 31, 2020 and the related statements of operations and parent equity of the CX Business for the nine months then ended, copies of which have been furnished to the Administrative Agent and the Group Agents, present fairly in all material respects the combined financial position of the CX Business for the period ended on such date, all in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes.

(b) On the date hereof, and on the date of each purchase hereunder (both before and after giving effect to such purchase), each Originator is, and will be on such date, Solvent and No Insolvency Proceeding with respect to such Originator is, or will be on such date, pending.

SECTION 5.18 Taxes. Each Originator has (i) timely filed or caused to be filed all material tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, if any, other than (a) taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings, (b) as to which adequate reserves have been provided in accordance with GAAP, or (c) to the extent failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.19 Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.

SECTION 5.20 No Fraudulent Conveyance. No sale or contribution or transfer hereunder constitutes a fraudulent transfer or conveyance under any United States federal or applicable state bankruptcy or insolvency laws or is otherwise void or voidable under such laws or similar laws or principles or for any other reason.

SECTION 5.21 Ordinary Course of Business. If notwithstanding the intention of the parties hereto, the transactions are characterized as loans and not sales or contributions, each of the Originators represents and warrants as to itself that each remittance of Collections by or on behalf of such Originator to the Company under this Agreement will have been (i) in payment of a debt incurred by such Originator in the ordinary course of business or financial affairs of such Originator and (ii) made in the ordinary course of business or financial affairs of such Originator.

SECTION 5.22 Good Title Perfection.

(a) Immediately preceding its sale or contribution of each Receivable hereunder, the applicable Originator was the owner of such Receivable sold or purported to be sold or contributed or purported to be contributed, free and clear of any Adverse Claims, and each such sale hereunder constitutes a valid sale or contribution, transfer and assignment of all of such Originator's right, title and interest in, to and under the Receivables sold or contributed by it, free and clear of any Adverse Claims.

(b) On or before the Closing Date and before the generation by such Originator of any new Receivable to be sold, contributed or otherwise conveyed hereunder, all financing statements and other documents, if any, required to be recorded or filed in order to perfect and protect the Company's ownership interest in Receivables to be sold, contributed or otherwise conveyed hereunder against all creditors of and purchasers from such Originator will have been duly filed in each filing office necessary for such purpose, and all filing fees and taxes, if any, payable in connection with such filings shall have been paid in full.

(c) Upon the creation (or the transfer to the Contributing Originator with respect to contributed Receivables) of each new Receivable sold, contributed or otherwise conveyed or purported to be conveyed hereunder and on the Initial Funding Date for then existing Receivables, the Company shall have a valid and perfected first priority ownership or security interest in each Receivable sold or contributed to it hereunder, free and clear of any Adverse Claim.

SECTION 5.23 Perfection Representations.

(a) This Agreement creates a valid and continuing ownership or security interest (as defined in the applicable UCC) in each Originator's right, title and interest in, to and under the Receivables and Related Rights which (A) ownership or security interest has been perfected and is enforceable against creditors of and purchasers from each Originator and (B) will be free of all Adverse Claims in such Receivables and Related Rights.

(b) The Receivables constitute "accounts" or "general intangibles" within the meaning of Section 9-102 of the UCC.

(c) Prior to the sale or contribution of, or grant of security interest in, the Receivables and Related Rights transferred hereunder, each Originator owned and had good and marketable title to such Receivables and Related Rights free and clear of any Adverse Claim of any Person.

(d) All appropriate financing statements, financing statement amendments and continuation statements have been filed in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect (and continue the perfection of) the sale or contribution of and/or grant of a security interest in the Receivables and Related Rights from each Originator to the Company pursuant to this Agreement.

(e) Other than the ownership or security interest granted to the Company pursuant to this Agreement, no Originator has pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Receivables or Related Rights except (in the case of the contributed Receivables) for transfer to the Contributing Originator or as otherwise permitted by this Agreement and the other Transaction Documents. Each such Originator has not authorized the filing of and is not aware of any financing statements filed against such Originator that include a description of collateral covering the Receivables or Related Rights other than any financing statement (i) in favor of the Administrative Agent, (ii) that has been terminated or (iii) which, in respect of any Receivables or Related Rights covered under such financing statement or other lien filing, such Receivables or Related Rights has been or will be, upon the sale or contribution of such Receivables or Related Rights pursuant to the Transaction Documents, released under the governing documents establishing the lien or security interest described by such financing statement or other lien filing. No Originator is aware of any judgment lien, ERISA lien or tax lien filings against such Originator.

(f) Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Section 5.23 shall be continuing and remain in full force and effect until the Final Payout Date.

SECTION 5.24 Enforceability of Contracts. Each Contract related to any Receivable sold or contributed by an Originator hereunder is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the outstanding balance of such Receivable, enforceable against the Obligor in accordance with its terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law, without being subject to any defense, deduction, offset or counterclaim and such Originator has fully performed its obligations under such Contract.

SECTION 5.25 Other Transaction Documents. Each representation and warranty made by each Originator under each other Transaction Document to which it is a party is true and correct in all material respects (or if already qualified by materiality or Material Adverse Effect, in all respects) as of the date when made.

SECTION 5.26 Reaffirmation of Representations and Warranties by each Originator. On each day that a new Receivable is sold or contributed to the Company hereunder, such Originator shall be deemed to have certified that all representations and warranties of such Originator hereunder are true and correct in all material respects (or if already qualified by materiality or Material Adverse Effect, in all respects) on and as of such day as though made on and as of such day, except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct in all material respects (or if already qualified by materiality or Material Adverse Effect, in all respects) as of such date).

ARTICLE VI
COVENANTS OF THE ORIGINATORS

SECTION 6.1 Covenants of the Originators. At all times from the Closing Date until the Final Payout Date, each Originator will, unless the Administrative Agent, the Majority Group Agents, and the Company shall otherwise consent in writing, perform the following covenants:

(a) Existence. Each Originator will preserve and maintain its legal existence, rights, franchises, qualifications and privileges except where the failure to preserve and maintain such existence, rights, franchises, qualifications and privileges could not reasonably be expected to result in a Material Adverse Effect.

(b) Financial Reporting. Each Originator will maintain a system of accounting established and administered in accordance with GAAP, and each Originator shall furnish to the Company, the Administrative Agent and each Group Agent such information regarding the operations, business affairs and financial condition of such Originator as the Company, the Administrative Agent or any Group Agent may from time to time reasonably request, including any information available to such Originator as the Company, the Administrative Agent or any Group Agent may from time to time reasonably request in order to protect the interests of the Company and the Administrative Agent as the Company's assignee.

(c) Notices. Each Originator will notify the Company, the Administrative Agent and each Group Agent in writing of any of the following events promptly upon (but in no event later than two (2) Business Days after (other than with respect to clause (v) below)) a Financial Officer or other officer of such Originator learning of the occurrence thereof:

(i) Notice of Purchase and Sale Termination Events, Unmatured Purchase and Sale Termination Events, Events of Default or Unmatured Events of Default. A statement of a Financial Officer of such Originator setting forth details of any Purchase and Sale Termination Event (as defined in Section 8.1), Unmatured Purchase

and Sale Termination Event (as defined in Section 8.1), Event of Default or Unmatured Event of Default that has occurred and is continuing and the action which the applicable Originator has taken or proposes to take with respect thereto.

(ii) Litigation. The institution of any litigation, arbitration proceeding or governmental proceeding with respect to such Originator which could reasonably be expected to have a Material Adverse Effect.

(iii) Adverse Claim. (A) Any Person shall obtain an Adverse Claim upon the Receivables or Related Rights or any material portion thereof, (B) any Person other than the Company, the Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Collection Account (or related Lock-Box) or (C) any Obligor shall receive any change in payment instructions with respect to Receivable(s) from a Person other than the Company, the Originators at the request of the Company, the Servicer or the Administrative Agent, which is not acknowledged by the applicable Obligor as fraudulent or ineffective

(iv) Name Changes. At least thirty (30) days before any change in any Originator's or the Company's name, jurisdiction of organization or any other change requiring the amendment of UCC financing statements, a notice setting forth such changes and the effective date thereof.

(v) Change in Accountants or Accounting Policy. Any change in (i) the external accountants of such Originator or (ii) any material accounting policy of any Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which any Originator accounts for the Receivables shall be deemed "material" for such purpose).

(vi) Material Adverse Change. Any Material Adverse Effect with respect to such Originator.

(d) Conduct of Business. Each Originator will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted, and will do all things necessary to remain duly organized, validly existing and in good standing as a domestic organization in its jurisdiction of organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted if the failure to have such authority could reasonably be expected to have a Material Adverse Effect.

(e) Compliance with Laws. Each Originator will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a Material Adverse Effect.

(f) Furnishing of Information and Inspection of Receivables. Each Originator will furnish or cause to be furnished to the Company, the Administrative Agent and each Group Agent from time to time such information with respect to the Receivables and Related Rights as

the Company, the Administrative Agent, any Group Agent or any Lender may reasonably request. Each Originator will, at such Originator's expense, during regular business hours with reasonable prior written notice (i) permit the Company, the Administrative Agent and each Group Agent or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables or Related Rights, (B) visit the offices and properties of such Originator for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables, the Related Rights or such Originator's performance hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors or employees of such Originator (provided that representatives of such Originator are present during such discussions) having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at such Originator's expense, upon reasonable prior written notice from the Company or the Administrative Agent, permit certified public accountants or other auditors acceptable to the Company or the Administrative Agent, to conduct a review of its books and records with respect to such Pool Receivables and Related Rights; provided, that such Originator shall be required to reimburse the Company, the Administrative Agent or any Group Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period, unless an Event of Default has occurred and is continuing.

(g) Payments on Receivables, Collection Accounts. Each Originator will, on and after the Initial Funding Date, instruct all Obligor to deliver payments on the Pool Receivables (other than Foreign Currency Receivables) to a Collection Account or, solely with respect to Physical Check Obligors, to a Lock-Box or directly to the Servicer or the applicable Originator. Each Originator will, at all times, maintain such books and records necessary to identify Collections received from time to time on Pool Receivables and to segregate such Collections from other property of such Originator. If any payments on the Pool Receivables (other than Foreign Currency Receivables) or other Collections are received by an Originator, the Company or the Servicer, it shall hold such payments in trust for the benefit of the Administrative Agent, the Group Agents, the Lenders and the other Secured Parties and promptly (but in any event within two (2) Business Day after receipt) remit such funds into a Collection Account. If at any time after the Closing Date funds other than Collections on Pool Receivables and Related Rights are deposited into any Collection Account, such Originator will, within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. The Originators will not, and will not permit the Servicer or any other Person to, commingle Collections or other funds to which the Company, the Administrative Agent, any Group Agent or any other Secured Party is entitled, with any other funds. The Originators shall only add a Collection Account (or a related Lock-Box) or a Collection Account Bank to those listed on Schedule II to the Receivables Financing Agreement, if the Administrative Agent has received notice of such addition and an executed and acknowledged copy of an Account Control Agreement (or an amendment thereto) in form and substance reasonably acceptable to the Administrative Agent from the applicable Collection Account Bank. An Originator shall only terminate a Collection Account Bank or close a Collection Account (or a related Lock-Box) with the prior written consent of the Administrative Agent. Each Originator shall ensure that no disbursements are made from any Collection Account, other than such disbursements that are made at the direction and for the account of the Company.

(h) Sales, Liens, etc. Except as otherwise provided herein, no Originator will sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Pool Receivable or Related Rights, or assign any right to receive income in respect thereof.

(i) Extension or Amendment of Pool Receivables. Except as otherwise permitted in Section 9.02 of the Receivables Financing Agreement, no Originator will, or will permit the Servicer to, alter the delinquency status or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract that affects or could affect any Pool Receivable. Each Originator shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract.

(j) Change in Credit and Collection Policy. No Originator will make any material change in the Credit and Collection Policy without the prior written consent of the Administrative Agent. Promptly following any change in the Credit and Collection Policy, such Originator will deliver a copy of the updated Credit and Collection Policy to the Company, the Administrative Agent and each Group Agent.

(k) Fundamental Changes. No Originator shall make any change in such Originator's name or location or make any other change in such Originator's identity or corporate structure that could impair or otherwise render any UCC financing statement filed in connection with this Agreement or any other Transaction Document "seriously misleading" as such term (or similar term) is used in the applicable UCC, in each case, unless the Company, the Administrative Agent and each Group Agent have each (A) received at least 30 days' prior written notice thereof, (B) received such other information and documentation as may reasonably be requested by the Company, the Administrative Agent or the Group Agents for purposes of compliance with Applicable Laws, (C) received executed copies of all documents, certificates and opinions (including opinions relating to UCC matters) as the Company, the Administrative Agent or the Majority Group Agents shall reasonably request and (D) been reasonably satisfied that all other action to perfect and protect the interests of the Company and the Administrative Agent, on behalf of the Secured Parties, in and to the Receivables to be sold or contributed by it hereunder and the Related Rights, as reasonably requested by the Company, the Administrative Agent or the Majority Group Agents shall have been taken by, and at the expense of, such Originator (including the filing of any UCC financing statements, the receipt of certificates and other requested documents from public officials and all such other actions required pursuant to Section 7.3).

(l) Books and Records. Each Originator shall maintain and implement (or cause the Servicer to maintain and implement) administrative and operating procedures (including an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain (or cause the Servicer to

keep and maintain) all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Pool Receivables (including records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(m) Security Interest, Etc. Each Originator shall (and shall cause the Servicer to), at its expense, take all action necessary or reasonably desirable to establish and maintain a valid and enforceable ownership or security interest in the Pool Receivables, the Related Rights and Collections with respect thereto, and a first priority perfected security interest in the Receivables and the Related Rights, in each case free and clear of any Adverse Claim, in favor of the Company (and the Administrative Agent (on behalf of the Secured Parties), as the Company's assignee), including taking such action to perfect, protect or more fully evidence the security interest of the Company (and the Administrative Agent (on behalf of the Secured Parties), as the Company's assignee) as the Company, the Administrative Agent or any Secured Party may reasonably request. In order to evidence the security interests of the Company under this Agreement, each Originator shall, from time to time take such action, or execute and deliver such instruments as may be necessary (including, without limitation, such actions as are reasonably requested by the Company or the Administrative Agent, as the Company's assignee) to maintain and perfect, as a first-priority interest, the Company's (and the Administrative Agent's (on behalf of the Secured Parties), as the Company's assignee) security interest in the Pool Receivables, Related Rights and Collections. Such Originator shall, from time to time and within the time limits established by applicable law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Company's (and the Administrative Agent's, as the Company's assignee) security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize such Originator to file such financing statements under the UCC without the signature of the Company, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, such Originator shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(n) Further Assurances. (i) Each Originator hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Company or the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the transfers made hereunder and the security interest granted pursuant to this Agreement or any other Transaction Document, or to enable the Company or the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce their respective rights and remedies under this Agreement and the other Transaction Documents. Without limiting the foregoing, each Originator hereby authorizes, and will, upon the request of the Company or the Administrative Agent, at such Originator's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Company or the

Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing. Upon the occurrence and during the continuance of an Event of Default, each Originator shall take such actions and provide such documentation (and hereby authorizes the Administrative Agent to do the same) as may be requested by the Administrative Agent in order to satisfy the requirements of the Assignment of Claims Act of 1940, and any similar state legislation, with respect to any Receivable the Obligor of which is a United States federal, state or local Governmental Authority.

(ii) Each Originator authorizes the Company, the Servicer or the Administrative Agent to file financing statements, continuation statements and amendments thereto and assignments thereof, relating to the Receivables, the Related Rights, the related Contracts, Collections with respect thereto and the other Collateral without the signature of such Originator. A photocopy or other reproduction of this Agreement shall be sufficient as a financing statement where permitted by law.

(o) Mergers, Acquisitions, Sales, etc. No Originator shall (i) be a party to any merger, consolidation or other restructuring, except a merger, consolidation or other restructuring where the Company, the Administrative Agent and each Group Agent have each (A) received 30 days' prior notice thereof, (B) received such other information and documentation as may reasonably be requested by the Company, the Administrative Agent and each Group Agent for purposes of compliance with Applicable Laws, (C) received executed copies of all documents, certificates and opinions (including opinions relating to bankruptcy, insolvency, and UCC matters) as the Company, the Administrative Agent and the Majority Group Agents shall reasonably request and (D) been satisfied that all other action to perfect and protect the interests of the Company and the Administrative Agent, on behalf of the Secured Parties, in and to the Receivables to be sold or contributed by it hereunder and the Related Rights, as reasonably requested by the Company, the Administrative Agent or the Majority Group Agents shall have been taken by, and at the expense of, such Originator (including the filing of any UCC financing statements, the receipt of certificates and other requested documents from public officials and all such other actions required pursuant to Section 7.3) or (ii) directly or indirectly sell, transfer, assign, convey or lease (A) whether in one or a series of transactions, all or substantially all of its assets or (B) any Receivables or any interest therein (other than pursuant to this Agreement).

(p) Receivables Not to Be Evidenced by Promissory Notes or Chattel Paper. No Originator shall take any action to cause or permit any Receivable created, acquired or originated by it to become evidenced by any "instrument" or "chattel paper" (as defined in the applicable UCC) without the prior written consent of the Company, the Administrative Agent and the Majority Group Agents.

(q) Anti-Money Laundering/International Trade Law Compliance. Such Originator will not become a Sanctioned Person. Such Originator, either in its own right or through any third party, will not (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; (b) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d)

use the proceeds of any sale or contribution of the Receivables to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law. Such Originator shall comply with all Anti-Terrorism Laws applicable to it. Such Originator shall promptly notify the Company, the Administrative Agent and each Lender in writing upon the occurrence of a Reportable Compliance Event.

(r) Legend. Each Originator shall identify (or cause the Servicer to identify) its master data processing records relating to the Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been sold or contributed and/or pledged in accordance with this Agreement and the Receivables Financing Agreement.

(s) Insurance. Such Originator will maintain in effect, at such Originator's expense, such casualty and liability insurance as such Originator deems appropriate in its good faith business judgment.

SECTION 6.2 Substantive Consolidation. Each Originator hereby acknowledges that the transactions contemplated by this Agreement and the other Transaction Documents are being entered into in reliance upon the Company's identity as a legal entity separate from such Originator and its Affiliates. Therefore, each Originator shall take all steps specifically required by this Agreement and the other Transaction Documents or reasonably required by the Company, the Administrative Agent, any Group Agent or any Lender to continue the Company's identity as a separate legal entity and to make it apparent to third Persons that the Company is an entity with assets and liabilities distinct from those of such Originator, its Affiliates and any other Person, and is not a division of such Originator, its Affiliates or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, such Originator shall take such actions as shall be required in order that:

- (a) such Originator shall maintain separate records and books of account from the Company and otherwise will observe corporate formalities;
- (b) the financial statements and books and records of such Originator shall be prepared after the date of creation of the Company to reflect and shall reflect the separate existence of the Company; provided, that the Company's assets and liabilities may be included in a consolidated financial statement issued by an Affiliate of the Company; provided, however, that any such consolidated financial statement or the notes thereto shall make clear that the Company's assets are not available to satisfy the obligations of such Affiliate;
- (c) except as contemplated hereby or permitted by the Receivables Financing Agreement, (i) such Originator shall maintain its assets (including deposit accounts) separately from the assets (including deposit accounts) of the Company and (ii) the Company's assets, and records relating thereto, have not been, are not, and shall not be, commingled with those of any Originator;

- (d) such Originator shall not act as an agent for the Company, other than in the capacity of the Servicer or a Sub-Servicer, as applicable;
- (e) such Originator shall not conduct any of the business of the Company in its own name (except in the capacity of the Servicer or a of Sub-Servicer, as applicable);
- (f) other than with respect to initial organization expenses, such Originator shall not pay any liabilities of the Company out of its own funds or assets;
- (g) except as contemplated by the Transaction Documents, such Originator shall maintain an arm's-length relationship with the Company;
- (h) such Originator shall not assume or guarantee or become obligated for the debts of the Company or hold out its credit as being available to satisfy the obligations of the Company;
- (i) such Originator shall not acquire obligations of the Company (other than the Subordinated Notes);
- (j) such Originator shall allocate fairly and reasonably overhead or other expenses that are properly shared with the Company;
- (k) such Originator shall identify and hold itself out as a separate and distinct entity from the Company;
- (l) such Originator shall correct any known misunderstanding respecting its separate identity from the Company;
- (m) such Originator shall not enter into, or be a party to, any transaction with the Company, except in the ordinary course of its business and on terms which could be obtained in a comparable arm's-length transaction with an unrelated third party; and
- (n) such Originator shall not pay the salaries of the Company's employees, if any.

ARTICLE VII
ADDITIONAL RIGHTS AND OBLIGATIONS
IN RESPECT OF RECEIVABLES

SECTION 7.1 Rights of the Company. Each Originator hereby authorizes the Company and the Servicer or their respective designees or assignees under the Receivables Financing Agreement (including, without limitation, the Administrative Agent) to take any and all steps in such Originator's name reasonably necessary or desirable, in their respective determination, to collect all amounts due under any and all Receivables sold, contributed or otherwise conveyed or purported to be conveyed by it hereunder, including, without limitation, endorsing the name of such Originator on checks and other instruments representing Collections and enforcing such Receivables and the provisions of the related Contracts that concern

payment and/or enforcement of rights to payment; provided, however, the Administrative Agent or any other assignee under this Agreement shall not take any of the foregoing actions unless a Purchase and Sale Termination Event or an Event of Default has occurred and is continuing.

SECTION 7.2 Responsibilities of the Originators. Anything herein to the contrary notwithstanding:

(a) Each Originator shall perform its obligations hereunder, and the exercise by the Company or its designee of its rights hereunder shall not relieve such Originator from such obligations.

(b) None of the Company, the Servicer, the Group Agents, or the Administrative Agent shall have any obligation or liability to any Obligor or any other third Person with respect to any Receivables, Contracts related thereto or any other related agreements, nor shall the Company, the Servicer, the Group Agents, or the Administrative Agent be obligated to perform any of the obligations of any Originator thereunder.

(c) Each Originator hereby grants to the Administrative Agent an irrevocable power of attorney, with full power of substitution, coupled with an interest, during the occurrence and continuation of an Event of Default to take in the name of such Originator all steps necessary or advisable to endorse, negotiate or otherwise realize on any writing or other right of any kind held or transmitted by such Originator or transmitted or received by the Company (whether or not from such Originator) in connection with any Receivable sold, contributed or otherwise conveyed or purported to be conveyed by it hereunder or Related Right.

SECTION 7.3 Further Action Evidencing Purchases. Each Originator agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action that the Company, the Servicer, or the Administrative Agent may reasonably request in order to perfect, protect or more fully evidence the Receivables and Related Rights purchased by or contributed to the Company hereunder, or to enable the Company to exercise or enforce any of its rights hereunder or under any other Transaction Document. Without limiting the generality of the foregoing, upon the request of the Company or the Administrative Agent, such Originator will execute (if applicable), authorize and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate.

Each Originator hereby authorizes the Company or its designee or assignee (including, without limitation, the Administrative Agent) to file one or more financing or continuation statements, and amendments thereto and assignments thereof, without the signature of such Originator, relative to all or any of the Receivables and Related Rights sold, contributed or otherwise conveyed or purported to be conveyed by it hereunder, whether now existing or hereafter generated by such Originator. If any Originator fails to perform any of its agreements or obligations under this Agreement, the Company or its designee or assignee (including, without limitation, the Administrative Agent) may (but shall not be required to) itself perform, or cause the performance of, such agreement or obligation, and the expenses of the Company or its designee or assignee (including, without limitation, the Administrative Agent) incurred in connection therewith shall be payable by such Originator.

SECTION 7.4 Application of Collections. Any payment by an Obligor in respect of any indebtedness owed by it to any Originator shall, except as otherwise specified by such Obligor, required under the related contract with respect to such indebtedness, or required by applicable law and unless otherwise instructed by the Servicer (with the prior written consent of the Administrative Agent) or the Administrative Agent, be applied as a Collection of any Receivable or Receivables of such Obligor to the extent of any amounts then due and payable thereunder (applied in order from the oldest outstanding Receivable to the newest outstanding Receivable) before being applied to any other indebtedness of such Obligor.

ARTICLE VIII
PURCHASE AND SALE TERMINATION EVENTS

SECTION 8.1 Purchase and Sale Termination Events. Each of the following events or occurrences described in this Section 8.1 shall constitute a "Purchase and Sale Termination Event" (each event which with notice or the passage of time or both would become a Purchase and Sale Termination Event being referred to herein as an "Unmatured Purchase and Sale Termination Event"):

- (a) the Termination Date shall have occurred;
- (b) any Originator shall fail to make when due any payment or deposit to be made by it under this Agreement or any other Transaction Document to which it is a party and such failure shall continue unremedied for two (2) Business Days;
- (c) any representation or warranty made or deemed to be made by any Originator (or any of its officers) under or in connection with this Agreement, any other Transaction Document to which it is a party or any information or report delivered by an Originator pursuant hereto or thereto shall prove to have been incorrect or untrue in any material respect (or if already qualified by materiality or Material Adverse Effect, in all respects) when made or deemed made or delivered; or
- (d) any Originator shall fail to perform or observe any term, covenant or agreement under this Agreement or any other Transaction Document to which it is a party to be performed or observed by such Originator (other than any such failure which would constitute a Purchase and Sale Termination Event under clause (a) or (b) of this Section 8.1), and such failure, solely to the extent capable of cure, shall continue for ten (10) Business Days.

SECTION 8.2 Remedies.

(a) Optional Termination. Upon the occurrence and during the continuation of a Purchase and Sale Termination Event, the Company, with the prior written consent of the Administrative Agent and the Majority Group Agents, shall have the option, by notice to the Originators (with a copy to the Administrative Agent and the Group Agents), to declare the Purchase Facility as terminated.

(b) Remedies Cumulative. Upon any termination of the Purchase Facility pursuant to Section 8.2(a), the Company (and the Administrative Agent as the Company's assignee) shall have, in addition to all other rights and remedies under this Agreement, all other rights and remedies provided under the UCC of each applicable jurisdiction and other applicable laws, which rights shall be cumulative.

ARTICLE IX INDEMNIFICATION

SECTION 9.1 Indemnities by the Originators. Without limiting any other rights which the Company may have hereunder or under Applicable Law, each Originator jointly and severally hereby agrees to indemnify and hold harmless, on an after-tax basis, the Company (and its assigns, including the Administrative Agent) and each of its officers, directors, employees and agents (each of the foregoing Persons being individually called a "Purchase and Sale Indemnified Party"), on demand, from and against any and all damages, losses, claims, judgments, liabilities, penalties, Taxes, reasonable costs and expenses, (including Attorney Costs) (all of the foregoing being collectively called "Purchase and Sale Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of the failure of such Originator to perform its obligations under this Agreement or any other Transaction Document, or arising out of the claims asserted against a Purchase and Sale Indemnified Party relating to the transactions contemplated herein or therein or the use of proceeds thereof or therefrom, excluding, only Purchase and Sale Indemnified Amounts to the extent, (i) a final non-appealable judgment of a court of competent jurisdiction holds that such Purchase and Sale Indemnified Amounts resulted from the gross negligence or willful misconduct by the Purchase and Sale Indemnified Party seeking indemnification, (ii) resulting from a claim brought by any Originator, the Servicer, or the Performance Guarantor against a Purchase and Sale Indemnified Party for breach in bad faith of such Purchase and Sale Indemnified Party's obligations hereunder or under any other Transaction Document, if such party has obtained a final and nonappealable judgment in its favor on such claim against the Purchase and Sale Indemnified Party as determined by a court of competent jurisdiction (iii) due to Pool Receivables that are uncollectible solely on account of the insolvency, bankruptcy, lack of creditworthiness or other financial inability to pay of the related Obligor or otherwise due to the credit risk of the Obligor and for which reimbursement would constitute recourse to any Originator, for uncollectible Receivables or (iv) such Purchase and Sale Indemnified Amounts include Taxes imposed or based on, or measured by, the gross or net income or receipts of such Purchase and Sale Indemnified Party by the jurisdiction under the laws of which such Purchase and Sale Indemnified Party is organized (or any political subdivision thereof); provided, that nothing contained in this sentence shall limit the liability of such Originator or limit the recourse of any Purchase and Sale Indemnified Party to such Originator for any amounts otherwise specifically provided to be paid by such Originator hereunder. Without limiting the foregoing indemnification, but subject to the limitations set

forth in clauses (i), (ii) and (iii) of the previous sentence, each Originator jointly and severally shall indemnify each Purchase and Sale Indemnified Party for Purchase and Sale Indemnified Amounts relating to or resulting from:

- (a) any representation, warranty or statement made or deemed made by such Originator (or any officer of such Originator) under or in connection with this Agreement or any of the other Transaction Documents, or any information or report delivered by or on behalf of such Originator pursuant hereto or thereto which shall have been untrue or incorrect when made or deemed made;
- (b) the failure by such Originator to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document or with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;
- (c) the failure of any Receivable sold or contributed by such Originator included in the calculation of Net Receivables Pool Balance as an Eligible Receivable to be an Eligible Receivable at such time;
- (d) the transfer by such Originator of any interest in any Pool Receivable or Related Right other than the transfer of any Pool Receivable and Related Rights to the Company pursuant to this Agreement and the grant of a security interest to the Company pursuant to this Agreement;
- (e) the lack of an enforceable ownership interest, or a first priority perfected lien, in the Pool Receivables (and all Related Rights) originated by such Originator against all Persons (including any bankruptcy trustee or similar Person), in either case, free and clear of any Adverse Claim;
- (f) the failure to have filed, or any delay in filing, financing statements, financing statement amendments, continuation statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other Applicable Laws with respect to any Pool Receivable or the Related Rights;
- (g) any suit or claim related to the Pool Receivables originated by such Originator (including any products liability or environmental liability claim arising out of or in connection with the property, products or services that are the subject of any Pool Receivable originated by such Originator);
- (h) any dispute, claim, offset or defense (other than discharge in bankruptcy) of the Obligor to the payment of any Pool Receivable (including a defense based on such Pool Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from or relating to collection activities with respect to such Pool Receivable or any other claim resulting from the sale of goods or the rendering of services related to such Pool Receivable or the furnishing or failure to furnish any such goods or services or other similar claim or defense not arising from the financial inability of any Obligor to pay undisputed indebtedness;

- (i) the commingling of Collections of Pool Receivables at any time with other funds;
- (j) the failure or delay to provide any Obligor with an invoice or other evidence of indebtedness;
- (k) any failure of such Originator to perform any of its duties or obligations in accordance with the provisions hereof and of each other Transaction Document related to Pool Receivables, or of such Originator to timely and fully comply with the Credit and Collection Policy in regard to each Pool Receivable;
- (l) any investigation, litigation or proceeding (actual or threatened) related to this Agreement or any other Transaction Document or in respect of any Pool Receivable or any Related Rights;
- (m) any claim brought by any Person other than a Purchase and Sale Indemnified Party arising from any activity by such Originator or any Affiliate of such Originator in servicing, administering or collecting any Pool Receivable; or
- (n) the failure by the Originator to pay when due any taxes, including, without limitation, material sales, excise or personal property taxes.

If for any reason the indemnification provided above in this Section 9.1 is unavailable to a Purchase and Sale Indemnified Party or is insufficient to hold such Purchase and Sale Indemnified Party harmless, then each Originator jointly and severally with each other Originator, shall contribute to the amount paid or payable by such Purchase and Sale Indemnified Party to the maximum extent permitted under applicable law.

ARTICLE X
MISCELLANEOUS

SECTION 10.1 Amendments, etc.

(a) The provisions of this Agreement may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and executed by the Company and the Originators, with the prior written consent of the Administrative Agent and the Majority Group Agents.

(b) No failure or delay on the part of the Company, the Servicer, any Originator or any third party beneficiary in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Company, the Servicer or any Originator in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Company or the Servicer under this Agreement shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval under this Agreement shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

(c) The Transaction Documents contain a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter thereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter thereof, superseding all prior oral or written understandings.

SECTION 10.2 Notices, etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile and email communication) and shall be delivered or sent by facsimile, email, or by overnight mail, to the intended party at the mailing or email address or facsimile number of such party set forth under its name on the signature pages hereof or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto or in the case of the Administrative Agent and each Lender at its address for notices pursuant to the Receivables Financing Agreement. All such notices and communications shall be effective (i) if delivered by overnight mail, when received, and (ii) if transmitted by facsimile or email, when sent, receipt confirmed by telephone or electronic means.

SECTION 10.3 No Waiver; Cumulative Remedies. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. Without limiting the foregoing, each Originator hereby authorizes the Company, the Administrative Agent and each Lender (collectively, the "Set-Off Parties"), at any time and from time to time, to the fullest extent permitted by law, to set off, against any obligations of such Originator to such Set-Off Party arising in connection with the Transaction Documents (including, without limitation, amounts payable pursuant to Section 9.1) that are then due and payable or that are not then due and payable but have accrued, any and all deposits (general or special, time or demand, provisional or final) at any time held by, and any and all indebtedness at any time owing by any Set-Off Party to or for the credit or the account of such Originator.

SECTION 10.4 Binding Effect; Assignability. This Agreement shall be binding upon and inure to the benefit of the Company and each Originator and their respective successors and permitted assigns. No Originator may assign any of its rights hereunder or any interest herein without the prior written consent of the Company, the Administrative Agent and each Group Agents except as otherwise herein specifically provided. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time as the parties hereto shall agree. The rights and remedies with respect to any breach of any representation and warranty made by any Originator pursuant to Article V and the indemnification and payment provisions of Article IX and Section 10.6 shall be continuing and shall survive any termination of this Agreement.

SECTION 10.5 Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY OTHERWISE APPLICABLE CONFLICTS OF LAW PRINCIPLES (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) EXCEPT TO THE EXTENT THAT THE PERFECTION OF A SECURITY INTEREST OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

SECTION 10.6 Costs, Expenses and Taxes. In addition to the obligations of the Originators under Article IX, each Originator, jointly and severally, agrees to pay on demand:

(a) to the Company (and any successor and permitted assigns thereof) and any third-party beneficiary of the Company's rights hereunder all reasonable and documented out-of-pocket costs and expenses in connection with the preparation, negotiation, execution, delivery and administration of this Agreement (together with all amendments, restatements, supplements, consents and waivers, if any, from time to time hereto), including, without limitation, (i) the reasonable Attorney Costs for the Company (and any successor and permitted assigns thereof) and any third-party beneficiary of the Company's rights hereunder with respect thereto and with respect to advising any such Person as to their rights and remedies under this Agreement and the other Transaction Documents and (ii) subject to Section 6.1(f), reasonable and documented accountants', auditors' and consultants' fees and expenses for the Company (and any successor and permitted assigns thereof) and any third-party beneficiary of the Company's rights hereunder incurred in connection with the administration and maintenance of this Agreement or advising any such Person as to their rights and remedies under this Agreement or as to any actual or reasonably claimed breach of this Agreement or any other Transaction Document;

(b) to the Company (and any successor and permitted assigns thereof) and any third-party beneficiary of the Company's rights hereunder all reasonable and documented costs and expenses incurred by such Person in connection with the enforcement of any of their respective rights or remedies under the provisions of this Agreement and the other Transaction Documents; and

(c) all stamp and other taxes and fees payable in connection with the execution, delivery, filing and recording of this Agreement or the other Transaction Documents to be delivered hereunder, and agrees to indemnify each Purchase and Sale Indemnified Party against any liabilities with respect to or resulting from any delay in paying or omitting to pay such taxes and fees.

SECTION 10.7 SUBMISSION TO JURISDICTION. (a) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 10.7 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST ANY ORIGINATOR OR THE SERVICER OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN

INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(b) EACH PARTY HERETO CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO IT AT ITS ADDRESS SPECIFIED HEREIN. NOTHING IN THIS SECTION 10.7 SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 10.8 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT.

SECTION 10.9 Captions and Cross References; Incorporation by Reference. The various captions (including, without limitation, the table of contents) in this Agreement are included for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. References in this Agreement to any underscored Article, Section, Schedule or Exhibit are to such Article, Section, Schedule or Exhibit of this Agreement, as the case may be. The Schedules and Exhibits hereto are hereby incorporated by reference into and made a part of this Agreement.

SECTION 10.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. The parties agree to electronic contracting and signatures with respect to this Agreement. Delivery of an electronic signature to, or a signed copy of, this Agreement by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes. The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the other Transaction Documents (other than the Notes) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Company, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Notwithstanding the foregoing, if the Company, the Administrative Agent or any Group Agent shall request manually signed counterpart signatures to this Agreement, the Company and each Originator hereby agrees to use its reasonable

endeavors to provide such manually signed signature pages as soon as reasonably practicable (but in any event within 30 days of such request or such longer period as the requesting Company, Administrative Agent or Group Agent and the Company and the Originators may mutually agree).

SECTION 10.11 Acknowledgment and Agreement. By execution below, each Originator expressly acknowledges and agrees that all of the Company's rights, title, and interests in, to, and under this Agreement (but not its obligations), shall be assigned by the Company to the Administrative Agent (for the benefit of the Secured Parties) pursuant to the Receivables Financing Agreement, and such Originator consents to such assignment. Each of the parties hereto acknowledges and agrees that the Secured Parties and the Administrative Agent are third party beneficiaries of the rights of the Company arising hereunder and under the other Transaction Documents to which such Originator is a party, and notwithstanding anything to the contrary contained herein or in any other Transaction Document, during the occurrence and continuation of an Event of Default under the Receivables Financing Agreement, the Administrative Agent, and not the Company, shall have the sole right to exercise all such rights and related remedies.

SECTION 10.12 No Proceeding. Each Originator hereby agrees that it will not institute, or join any other Person in instituting, against the Company any Insolvency Proceeding so long as any obligations of the Company pursuant to the Receivables Financing Agreement or any other Transaction Document remains outstanding and for at least one year and one day following the day on which such obligations are paid in full. Each Originator further agrees that notwithstanding any provisions contained in this Agreement to the contrary, the Company shall not, and shall not be obligated to, pay any amount in respect of any Subordinated Note or otherwise to such Originator pursuant to this Agreement unless the Company has received funds which may, subject to Section 4.01 of the Receivables Financing Agreement, be used to make such payment. Any amount which the Company does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in §101 of the Bankruptcy Code) against or corporate obligation of the Company by such Originator for any such insufficiency unless and until the provisions of the foregoing sentence are satisfied. The agreements in this Section 10.12 shall survive any termination of this Agreement.

SECTION 10.13 Limited Recourse. Except as explicitly set forth herein, the obligations of the Company under this Agreement or any other Transaction Documents to which it is a party are solely the obligations of the Company. No recourse under any Transaction Document shall be had against, and no liability shall attach to, any officer, employee, director, or beneficiary, whether directly or indirectly, of the Company. The agreements in this Section 10.13 shall survive any termination of this Agreement.

SECTION 10.14 Severability. If any provision of this Agreement is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

[SIGNATURE PAGES FOLLOW]

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

CONCENTRIX RECEIVABLES, INC.

By: /s/ Steven L. Richie
Name: Steven L. Richie
Title: Corporate Secretary

Address: Concentrix Receivables, Inc.
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

CONCENTRIX CORPORATION

By: /s/ Steven L. Richie
Name: Steven L. Richie
Title: Executive Vice President, Legal

Address: Concentrix Corporation
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

[Signature Page to Receivables Purchase Agreement]

Concentrix Services US, Inc., as an Originator

By: /s/ Steven L. Richie

Name: Steven L. Richie

Title: Corporate Secretary

Address: Concentrix Services US, Inc.
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

Concentrix CVG Corporation, as an Originator

By: /s/ Steven L. Richie

Name: Steven L. Richie

Title: Corporate Secretary

Address: Concentrix CVG Corporation
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

Concentrix CVG Delaware International Inc., as an
Originator

By: /s/ Steven L. Richie

Name: Steven L. Richie

Title: Corporate Secretary

Address: Concentrix CVG Delaware International
Inc.
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

[Signature Page to Receivables Purchase Agreement]

Concentrix CVG Customer Management Group Inc. as an
Originator

By: /s/ Steven L. Richie _____
Name: Steven L. Richie
Title: Corporate Secretary

Address: Concentrix CVG Customer Management
Group Inc.
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

Concentrix CVG CMG Insurance Services LLC, as an
Originator

By: /s/ Steven L. Richie _____
Name: Steven L. Richie
Title: Authorized Signatory

Address: Concentrix CVG CMG Insurance
Services LLC
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

Encore Receivable Management, Inc. as an Originator

By: /s/ Steven L. Richie _____
Name: Steven L. Richie
Title: Corporate Secretary

Address: Encore Receivable Management, Inc.
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

[Signature Page to Receivables Purchase Agreement]

Concentrix Solutions Corporation, as an Originator

By: /s/ Steven L. Richie

Name: Steven L. Richie

Title: Corporate Secretary

Address: Concentrix Solutions Corporation
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

Concentrix Insurance Administration Solutions Corporation,
as an Originator

By: /s/ Steven L. Richie

Name: Steven L. Richie

Title: Corporate Secretary

Address: Concentrix Insurance Administration
Solutions Corporation
201 E. 4th Street
Cincinnati, OH 45202
Attention: David Wiedwald

[Signature Page to Receivables Purchase Agreement]

JURISDICTION OF ORGANIZATION OF THE ORIGINATORS

<u>Originator</u>	<u>State of Organization</u>
Concentrix Corporation	Delaware
Concentrix Services US, Inc.	Delaware
Concentrix CVG Corporation	Delaware
Concentrix CVG Delaware International Inc.	Delaware
Concentrix CVG Customer Management Group Inc.	Ohio
Concentrix CVG CMG Insurance Services LLC	Ohio
Encore Receivable Management, Inc.	Kansas
Concentrix Solutions Corporation	New York
Concentrix Insurance Administration Solutions Corporation	South Carolina

Schedule I-1

LOCATION OF BOOKS AND RECORDS OF THE ORIGINATORS

<u>Originator</u>	<u>Location of Books and Records</u>
Concentrix Corporation	201 East 4th Street, Cincinnati OH 45202
Concentrix Services US, Inc.	201 East 4th Street, Cincinnati OH 45202
Concentrix CVG Corporation	201 East 4th Street, Cincinnati OH 45202
Concentrix CVG Delaware International Inc.	201 East 4th Street, Cincinnati OH 45202
Concentrix CVG Customer Management Group Inc.	201 East 4th Street, Cincinnati OH 45202
Concentrix CVG CMG Insurance Services LLC	201 East 4th Street, Cincinnati OH 45202
Encore Receivable Management, Inc.	201 East 4th Street, Cincinnati OH 45202
Concentrix Solutions Corporation	201 East 4th Street, Cincinnati OH 45202
Concentrix Insurance Administration Solutions Corporation	201 East 4th Street, Cincinnati OH 45202

Schedule II-1

TRADE NAMES

<u>Legal Name</u>	<u>Trade Names</u>
Concentrix Corporation	Concentrix Global Holdings, Inc.
Concentrix Services US, Inc.	The Minacs Group (USA) Inc.
Concentrix CVG Corporation	Delta Merger Sub II, LLC Convergys Corporation
Concentrix CVG Delaware International Inc.	Stream International Inc.
Concentrix CVG Customer Management Group Inc.	Convergys Customer Management Group Inc.
Concentrix CVG CMG Insurance Services LLC	Convergys CMG Insurance Services LLC
Encore Receivable Management, Inc.	—
Concentrix Solutions Corporation	Concentrix Corporation
Concentrix Insurance Administration Solutions Corporation	—

Schedule III-1

FORM OF PURCHASE REPORT

Originator: []

Company: []

Purchase Report Date:

1. Outstanding Balance of Receivables \$
Purchased[/Accepted]:
2. Fair Market Value Discount:
3. Purchase Price (1 x 2) = \$
4. Reductions in the Purchase Price = \$
5. Net Purchase Price (3-4) = \$

Exhibit A-1

FORM OF SUBORDINATED NOTE

New York, New York
[], 20[]

FOR VALUE RECEIVED, the undersigned, Concentrix Receivables, Inc., a Delaware corporation (the "Company"), promises to pay to [], a [] (the "Originator"), on the terms and subject to the conditions set forth herein and in the Receivables Purchase Agreement referred to below, the aggregate unpaid Purchase Price of all Receivables purchased by the Company from the Originator pursuant to such Receivables Purchase Agreement, as such unpaid Purchase Price is shown in the records of the Servicer.

1. Receivables Purchase Agreement. This Subordinated Note is one of the Subordinated Notes described in, and is subject to the terms and conditions set forth in, that certain Receivables Purchase Agreement dated as of October [], 2020 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Receivables Purchase Agreement"), among the Company, Concentrix Corporation, as Servicer and as an originator, the Originator, and the other originators from time to time party thereto. Reference is hereby made to the Receivables Purchase Agreement for a statement of certain other rights and obligations of the Company and the Originator.

2. Definitions. Capitalized terms used (but not defined) herein have the meanings assigned thereto in the Receivables Purchase Agreement and in Section 1.01 of the Receivables Financing Agreement (as defined in the Receivables Purchase Agreement). In addition, as used herein, the following terms have the following meanings:

"Bankruptcy Proceedings" has the meaning set forth in clause (b) of paragraph 9 hereof.

"Final Maturity Date" means the date that is one year and one day after the Final Payout Date.

"Interest Period" means (a) initially the period commencing on the date of the initial advance under this note of any unpaid purchase for Receivables and ending on (but not including) the next Monthly Settlement Date and (b) thereafter, each period commencing on such Monthly Settlement Date and ending on (but not including) the next Monthly Settlement Date.

"LIBOR" means, with respect to any amount owing under this Subordinated Note for any Interest Period, at the discretion of the Originator either (a) the rate of interest determined by the Originator in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the rate for deposits in Dollars as reported by Bloomberg Finance L.P. and shown on US0001M Screen as the composite offered rate for one month London interbank deposits (or, if such rate is no longer available on such screen, on any successor or substitute page of such service, or any successor to or substitute for such

service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Company from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at or about 11:00 a.m. (London time) on the Business Day which is two (2) Business Days prior to the first day of such applicable Interest Period or (b) the Euro-Rate for such Interest Period with respect to any Lender under the Receivables Financing Agreement as reported to the Servicer and selected by such Originator.

“Senior Interest Holders” means, collectively, the Lenders, the Group Agents, the Administrative Agent, the Borrower Indemnified Parties, the Servicer Indemnified Parties and the Affected Persons.

“Senior Interests” means, collectively, (i) the Aggregate Interest, (ii) the Aggregate Capital, (iii) the fees referred to in Section 2.03 of the Receivables Financing Agreement, (iv) all amounts payable pursuant to Sections 5.01, 5.02, 5.03, 13.01, 13.02 or 14.04 of the Receivables Financing Agreement and (v) all other obligations of the Company and the Servicer that are due and payable, to (a) the Lenders, the Group Agents, the Administrative Agent and their respective successors, permitted transferees and assigns arising in connection with the Transaction Documents and (b) any Borrower Indemnified Party, Servicer Indemnified Party or Affected Person arising in connection with the Receivables Financing Agreement or any other Transaction Document, in each case, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, together with any and all interest accruing on any such amount after the commencement of any Bankruptcy Proceedings, notwithstanding any provision or rule of law that might restrict the rights of any Senior Interest Holder, as against the Company or anyone else, to collect such interest.

“Subordination Provisions” means, collectively, clauses (a) through (l) of paragraph 9 hereof.

3. Interest. Subject to the Subordination Provisions set forth below, the Company promises to pay interest on this Subordinated Note as follows: to (but excluding) the date on which the entire aggregate unpaid Purchase Price is fully paid, the aggregate unpaid Purchase Price from time to time outstanding shall bear interest at a rate equal to LIBOR for the applicable Interest Period plus 1.5%.

4. Interest Payment Dates. Subject to the Subordination Provisions set forth below, the Company shall pay accrued interest on this Subordinated Note for each Interest Period on each Monthly Settlement Date, and shall pay accrued interest on the amount of each principal payment made in cash on a date other than a Monthly Settlement Date at the time of such principal payment.

5. Basis of Computation. Interest accrued hereunder shall be computed for the actual number of days elapsed on the basis of a 365- or 366-day year, as the case may be.

6. Principal Payment Dates. Subject to the Subordination Provisions set forth below, payments of the principal amount of this Subordinated Note shall be made as follows:

(a) The principal amount of this Subordinated Note shall be reduced by an amount equal to each payment deemed made pursuant to Section 3.3 of the Receivables Purchase Agreement.

(b) The entire outstanding principal amount of this Subordinated Note shall be paid on the Final Maturity Date.

(c) Subject to the Subordination Provisions set forth below, the principal amount of and accrued interest on this Subordinated Note may be prepaid by, and in the sole discretion of the Company, on any Business Day without premium or penalty.

7. Payment Mechanics. All payments of principal and interest hereunder are to be made in lawful money of the United States of America in the manner specified in Article III of the Receivables Purchase Agreement.

8. Enforcement Expenses. In addition to and not in limitation of the foregoing, but subject to the Subordination Provisions set forth below and to any limitation imposed by Applicable Law, the Company agrees to pay all expenses, including Attorney Costs, incurred by the Originator in seeking to collect any amounts payable hereunder which are not paid when due.

9. Subordination Provisions. The Company covenants and agrees, and the Originator and any other holder of this Subordinated Note (collectively, the Originator and any such other holder are called the "Holder"), by its acceptance of this Subordinated Note, likewise covenants and agrees on behalf of itself and any Holder, that the payment of the principal amount of and interest on this Subordinated Note is hereby expressly subordinated in right of payment to the payment and performance of the Senior Interests to the extent and in the manner set forth in the following clauses of this paragraph 9:

(a) No payment or other distribution of the Company's assets of any kind or character, whether in cash, securities, or other rights or property, shall be made on account of this Subordinated Note except to the extent such payment or other distribution is (i) permitted under Section 6.03 of the Receivables Financing Agreement or (ii) made pursuant to clause (a) or (b) of paragraph 6 of this Subordinated Note;

(b) In the event of any dissolution, winding up, liquidation, readjustment, reorganization or other similar event relating to the Company, whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency or receivership proceedings, or upon an assignment for the benefit of creditors, or any other marshalling of the assets and liabilities of the Company or any sale of all or substantially all of the assets of the Company other than as permitted by the Receivables Financing Agreement (such proceedings being herein collectively called "Bankruptcy Proceedings"), the Senior Interests shall first be paid and performed in full and in cash before the Holder shall be entitled to receive and to retain any payment or distribution in respect of this Subordinated Note. In order to implement the foregoing: (i) all payments and distributions of any kind or character in respect of this Subordinated Note to which the

Holder would be entitled except for this clause (b) shall be made directly to the Administrative Agent (for the benefit of the Senior Interest Holders); (ii) the Holder shall promptly file a claim or claims, in the form required in any Bankruptcy Proceedings, for the full outstanding amount of this Subordinated Note, and shall use commercially reasonable efforts to cause said claim or claims to be approved and all payments and other distributions in respect thereof to be made directly to the Administrative Agent (for the benefit of the Senior Interest Holders) until the Senior Interests shall have been paid and performed in full and in cash; and (iii) the Holder hereby irrevocably agrees that the Administrative Agent (acting on behalf of the Secured Parties), may in the name of the Holder or otherwise, demand, sue for, collect, receive and receipt for any and all such payments or distributions, and file, prove and vote or consent in any such Bankruptcy Proceedings with respect to any and all claims of the Holder relating to this Subordinated Note, in each case until the Senior Interests shall have been paid and performed in full and in cash;

(c) In the event that the Holder receives any payment or other distribution of any kind or character from the Company or from any other source whatsoever, in respect of this Subordinated Note, other than as expressly permitted by the terms of this Subordinated Note, such payment or other distribution shall be received in trust for the Senior Interest Holders and shall be turned over by the Holder to the Administrative Agent (for the benefit of the Senior Interest Holders) forthwith. The Holder will mark its books and records so as clearly to indicate that this Subordinated Note is subordinated in accordance with the terms hereof. All payments and distributions received by the Administrative Agent in respect of this Subordinated Note, to the extent received in or converted into cash, may be applied by the Administrative Agent (for the benefit of the Senior Interest Holders) first to the payment of any and all expenses (including Attorney Costs) paid or incurred by the Senior Interest Holders in enforcing these Subordination Provisions, or in endeavoring to collect or realize upon this Subordinated Note, and any balance thereof shall, solely as between the Holder and the Senior Interest Holders, be applied by the Administrative Agent (in the order of application set forth in Section 4.01(a) of the Receivables Financing Agreement) toward the payment of the Senior Interests; but as between the Company and its creditors, no such payments or distributions of any kind or character shall be deemed to be payments or distributions in respect of the Senior Interests;

(d) Notwithstanding any payments or distributions received by the Senior Interest Holders in respect of this Subordinated Note, while any Bankruptcy Proceedings are pending the Holder shall not be subrogated to the then existing rights of the Senior Interest Holders in respect of the Senior Interests until the Senior Interests have been paid and performed in full and in cash. If no Bankruptcy Proceedings are pending, the Holder shall only be entitled to exercise any subrogation rights that it may acquire (by reason of a payment or distribution to the Senior Interest Holders in respect of this Subordinated Note) to the extent that any payment arising out of the exercise of such rights would be permitted under Section 8.01(r) of the Receivables Financing Agreement;

(e) These Subordination Provisions are intended solely for the purpose of defining the relative rights of the Holder, on the one hand, and the Senior Interest Holders on the other hand. Nothing contained in these Subordination Provisions or elsewhere in this Subordinated Note is intended to or shall impair, as between the Company, its creditors (other than the Senior Interest Holders) and the Holder, the Company's obligation, which is unconditional and absolute, to pay the Holder the principal of and interest on this Subordinated Note as and when the same shall become due and payable in accordance with the terms hereof or to affect the relative rights of the Holder and creditors of the Company (other than the Senior Interest Holders);

(f) The Holder shall not, until the Senior Interests have been paid and performed in full and in cash, (i) cancel, waive, forgive, transfer or assign, or commence legal proceedings to enforce or collect, or subordinate to any obligation of the Company, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due, other than the Senior Interests, this Subordinated Note or any rights in respect hereof or (ii) convert this Subordinated Note into an equity interest in the Company, unless the Holder shall, in either case, have received the prior written consent of the Administrative Agent and the Majority Group Agents;

(g) The Holder shall not, without the advance written consent of the Administrative Agent and the Majority Group Agents, commence, or join with any other Person in commencing, any Bankruptcy Proceedings with respect to the Company until at least one year and one day shall have passed since the Senior Interests shall have been paid and performed in full and in cash;

(h) If, at any time, any payment (in whole or in part) of any Senior Interest is rescinded or must be restored or returned by a Senior Interest Holder (whether in connection with Bankruptcy Proceedings or otherwise), these Subordination Provisions shall continue to be effective or shall be reinstated, as the case may be, as though such payment had not been made;

(i) Each of the Senior Interest Holders may, from time to time, at its sole discretion, without notice to the Holder, and without waiving any of its rights under these Subordination Provisions, take any or all of the following actions: (i) retain or obtain an interest in any property to secure any of the Senior Interests; (ii) retain or obtain the primary or secondary obligations of any other obligor or obligors with respect to any of the Senior Interests; (iii) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Senior Interests, or release or compromise any obligation of any nature with respect to any of the Senior Interests; (iv) amend, supplement, amend and restate, or otherwise modify any Transaction Document; and (v) release its security interest in, or surrender, release or permit any substitution or exchange for all or any part of any rights or property securing any of the Senior Interests, or extend or renew for one or more periods (whether or not longer than the original period), or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such rights or property;

(j) The Holder hereby waives: (i) notice of acceptance of these Subordination Provisions by any of the Senior Interest Holders; (ii) notice of the existence, creation, non-payment or non-performance of all or any of the Senior Interests; and (iii) all diligence in enforcement, collection or protection of, or realization upon, the Senior Interests, or any thereof, or any security therefor;

(k) Each of the Senior Interest Holders may, from time to time, on the terms and subject to the conditions set forth in the Transaction Documents to which such Persons are party, but without notice to the Holder, assign or transfer any or all of the Senior Interests, or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Interests shall be and remain Senior Interests for the purposes of these Subordination Provisions, and every immediate and successive assignee or transferee of any of the Senior Interests or of any interest of such assignee or transferee in the Senior Interests shall be entitled to the benefits of these Subordination Provisions to the same extent as if such assignee or transferee were the assignor or transferor; and

(l) These Subordination Provisions constitute a continuing offer from the Holder to all Persons who become the holders of, or who continue to hold, Senior Interests; and these Subordination Provisions are made for the benefit of the Senior Interest Holders, and the Administrative Agent may proceed to enforce such provisions on behalf of each of such Persons.

10. General. No failure or delay on the part of the Originator in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No amendment, modification or waiver of, or consent with respect to, any provision of this Subordinated Note shall in any event be effective unless (i) the same shall be in writing and signed and delivered by the Company and the Holder and (ii) all consents required for such actions under the Transaction Documents shall have been received by the appropriate Persons, including, for the avoidance of doubt, in the case of any such amendment, modification, waiver or consent, the consent of the Administrative Agent and the Majority Group Agents.

11. Maximum Interest. Notwithstanding anything in this Subordinated Note to the contrary, the Company shall never be required to pay unearned interest on any amount outstanding hereunder and shall never be required to pay interest on the principal amount outstanding hereunder at a rate in excess of the maximum nonusurious interest rate that may be contracted for, charged or received under applicable federal or state law (such maximum rate being herein called the "Highest Lawful Rate"). If the effective rate of interest which would otherwise be payable under this Subordinated Note would exceed the Highest Lawful Rate, or if the holder of this Subordinated Note shall receive any unearned interest or shall receive monies that are deemed to constitute interest which would increase the effective rate of interest payable

by the Company under this Subordinated Note to a rate in excess of the Highest Lawful Rate, then (i) the amount of interest which would otherwise be payable by the Company under this Subordinated Note shall be reduced to the amount allowed by Applicable Law, and (ii) any unearned interest paid by the Company or any interest paid by the Company in excess of the Highest Lawful Rate shall be refunded to the Company. Without limitation of the foregoing, all calculations of the rate of interest contracted for, charged or received by the Originator under this Subordinated Note that are made for the purpose of determining whether such rate exceeds the Highest Lawful Rate applicable to the Originator (such Highest Lawful Rate being herein called the "Originator's Maximum Permissible Rate") shall be made, to the extent permitted by usury laws applicable to the Originator (now or hereafter enacted), by amortizing, prorating and spreading in equal parts during the actual period during which any amount has been outstanding hereunder all interest at any time contracted for, charged or received by the Originator in connection herewith. If at any time and from time to time (i) the amount of interest payable to the Originator on any date shall be computed at the Originator's Maximum Permissible Rate pursuant to the provisions of the foregoing sentence and (ii) in respect of any subsequent interest computation period the amount of interest otherwise payable to the Originator would be less than the amount of interest payable to the Originator computed at the Originator's Maximum Permissible Rate, then the amount of interest payable to the Originator in respect of such subsequent interest computation period shall continue to be computed at the Originator's Maximum Permissible Rate until the total amount of interest payable to the Originator shall equal the total amount of interest which would have been payable to the Originator if the total amount of interest had been computed without giving effect to the provisions of the foregoing sentence.

12. No Negotiation. This Subordinated Note is not negotiable.

13. Governing Law. **THIS SUBORDINATED NOTE, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF).**

14. Captions. Paragraph captions used in this Subordinated Note are for convenience only and shall not affect the meaning or interpretation of any provision of this Subordinated Note.

IN WITNESS WHEREOF, the Company has caused this Subordinated Note to be executed as of the date first written above.

CONCENTRIX RECEIVABLES, INC.

By: _____

Name: _____

Title: _____

Exhibit B-8

Receivables Purchase Agreement

FORM OF JOINDER AGREEMENT

THIS JOINDER AGREEMENT, dated as of [], 20[] (this "Agreement") is executed by [], a [] organized under the laws of the State of [] (the "Additional Originator"), with its principal place of business located at [].

BACKGROUND:

A. CONCENTRIX RECEIVABLES, INC., A DELAWARE CORPORATION (the "Company") and the various entities from time to time party thereto, as Originators (collectively, the "Originators"), have entered into that certain Receivables Purchase Agreement, dated as of October [], 2020 (as amended, restated, supplemented or otherwise modified through the date hereof, and as it may be further amended, restated, supplemented or otherwise modified from time to time, the "Receivables Purchase Agreement").

B. The Additional Originator desires to become an Originator pursuant to Section 4.3 of the Receivables Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Additional Originator hereby agrees as follows:

SECTION 1. Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned thereto in the Receivables Purchase Agreement or in the Receivables Financing Agreement (as defined in the Receivables Purchase Agreement).

SECTION 2. Transaction Documents. The Additional Originator hereby agrees that it shall be bound by all of the terms, conditions and provisions of, and shall be deemed to be a party to (as if it were an original signatory to), the Receivables Purchase Agreement and each of the other relevant Transaction Documents. From and after the later of the date hereof and the date that the Additional Originator has complied with all of the requirements of Section 4.3 of the Receivables Purchase Agreement, the Additional Originator shall be an Originator for all purposes of the Receivables Purchase Agreement and all other Transaction Documents. The Additional Originator hereby acknowledges that it has received copies of the Receivables Purchase Agreement and the other Transaction Documents.

SECTION 3. Representations and Warranties. The Additional Originator hereby makes all of the representations and warranties set forth in Article V (to the extent applicable) of the Receivables Purchase Agreement as of the date hereof (unless such representations or warranties relate to an earlier date, in which case as of such earlier date), as if such representations and warranties were fully set forth herein. The Additional Originator hereby represents and warrants that its "location" (as defined in the applicable UCC) is [], and the

offices where the Additional Originator keeps all of its books and records concerning the Receivables and Related Rights is as follows:

[]
[]
[]

SECTION 4. Miscellaneous. This Agreement, including the rights and duties of the parties hereto, shall be governed by, and construed in accordance with, the laws of the State of New York (including Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York, but without regard to any other conflicts of law provisions thereof). This Agreement is executed by the Additional Originator for the benefit of the Company, and its assigns, and each of the foregoing parties may rely hereon. This Agreement shall be binding upon, and shall inure to the benefit of, the Additional Originator and its successors and permitted assigns.

[Signature Pages Follow]

Exhibit C-2

Receivables Purchase Agreement

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed by its duly authorized officer as of the date and year first above written.

[NAME OF ADDITIONAL ORIGINATOR]

By: _____
Name: _____
Title: _____

Consented to:

CONCENTRIX RECEIVABLES, INC.

By: _____
Name: _____
Title: _____

Acknowledged by:

PNC BANK , N.A., as Administrative Agent

By: _____
Name: _____
Title: _____

[GROUP AGENTS]

By: _____
Name: _____
Title: _____

CONCENTRIX CORPORATION, as Servicer

By: _____
Name: _____
Title: _____



November [●], 2020

Dear SYNNEX Stockholder:

We are pleased to inform you that on [●], 2020, the board of directors of SYNNEX Corporation ("SYNNEX") declared the distribution of all of the shares of common stock of Concentrix Corporation ("Concentrix"), a wholly owned subsidiary of SYNNEX, to the SYNNEX stockholders.

This transaction will create two industry-leading public companies with distinct strategies and opportunities and strong, well-tenured leadership teams. SYNNEX will continue as a leading IT distribution company, providing a range of distribution, logistics and integration services for the technology industry. Concentrix will continue as a leading global provider of technology-infused customer experience solutions, centered on helping clients enhance brand experience for its end-customers and providing end-to-end capabilities that drive deep customer engagement.

The distribution of Concentrix common stock will occur on [●], 2020 through a pro rata dividend to SYNNEX stockholders. Each SYNNEX stockholder will receive one share of Concentrix common stock for each share of SYNNEX common stock held as of the close of business on [●], 2020, the record date for the distribution. We expect that the separation and distribution will be tax-free to SYNNEX stockholders.

Approval of the transaction by SYNNEX stockholders is not required, and you are not required to take any action to receive your shares of Concentrix common stock. Following the distribution, you will own shares in both SYNNEX and Concentrix.

The enclosed information statement, which is being made available to all holders of SYNNEX common stock as of the record date for the distribution, describes the distribution in detail and contains important information about Concentrix, its business, financial condition and operations. We encourage you to read the information statement carefully.

We want to thank you for your continued support of SYNNEX, and we look forward to your support of Concentrix in the future.

Sincerely,

Dennis Polk
President and CEO
SYNNEX Corporation



November [●], 2020

Dear Future Concentrix Corporation Stockholder:

It is our pleasure to welcome you as a future stockholder of our company, Concentrix Corporation ("Concentrix"). Following the distribution of our common stock by SYNEX Corporation ("SYNEX") to its stockholders, Concentrix will be a newly listed, publicly traded company on the Nasdaq Global Select Market under the symbol "CNXC."

Over the past 15 years, Concentrix has grown to become a leading global provider of technology-infused customer experience solutions. Our team of approximately 250,000 employees combines global consistency with local expertise in more than 40 countries and 6 continents, where we conduct business in over 70 languages. As a stand-alone public company, we will continue to offer technology, people and process solutions that help our clients enhance the experience for their customers and improve business performance.

We invite you to learn more about Concentrix by reviewing the enclosed information statement. We encourage you to read the information statement carefully and in its entirety. We are excited by our future and look forward to your support as a stockholder of Concentrix.

Sincerely,

Chris Caldwell
Chief Executive Officer
Concentrix Corporation

Information contained herein is preliminary and subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.

PRELIMINARY AND SUBJECT TO COMPLETION, DATED OCTOBER 30, 2020

INFORMATION STATEMENT



This information statement is being furnished to the stockholders of SYNnex Corporation ("SYNNEX") in connection with the distribution by SYNnex to its stockholders of all the outstanding shares of common stock of Concentrix Corporation ("Concentrix"), a wholly owned subsidiary of SYNnex that is a leading global provider of technology-infused Customer Experience solutions. To implement the distribution, SYNnex will distribute all of the shares of Concentrix common stock on a pro rata basis to SYNnex stockholders in a transaction that is intended to qualify as tax-free for U.S. federal income tax purposes. We refer to this as the "spin-off."

You will receive one share of Concentrix common stock for each share of SYNnex common stock held of record by you as of the close of business on [●], the record date for the distribution. We expect that the distribution will be made to you at 12:01 a.m., Eastern Time, on [●]. A book-entry account statement reflecting your ownership of shares of our common stock will be mailed to you, or your brokerage account will be credited for the shares, on or about [●].

No stockholder approval of the distribution of the Concentrix common stock is required or sought. Therefore, you are not being asked for, and you are requested not to send SYNnex a proxy in connection with the distribution.

You will not be required to make any payment for the shares of Concentrix common stock that you will receive, nor will you be required to surrender or exchange your shares of SYNnex common stock or take any other action in order to receive your shares of Concentrix common stock.

There is currently no trading market for Concentrix common stock, although we expect that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution. We expect "regular-way" trading of Concentrix common stock to begin on the first trading day following the distribution. Concentrix has applied to have its common stock authorized for listing on the Nasdaq Global Select Market under the symbol "CNXC." Following the distribution, SYNnex will continue to trade on the New York Stock Exchange under the symbol "SNX."

In reviewing this information statement, you should carefully consider the information under the caption entitled "[Risk Factors](#)" beginning on page 18 of this information statement.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is November [●], 2020, and this information statement was first made available to SYNnex stockholders on or about November [●], 2020.

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PRESENTATION OF INFORMATION

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Concentrix assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to “Concentrix,” “we,” “us,” “our,” “our company” and “the company” refer to Concentrix Corporation, a Delaware corporation, and its consolidated subsidiaries after giving effect to the separation and distribution. Unless the context otherwise requires, references in this information statement to “SYNNEX” refer to SYNNEX Corporation, a Delaware corporation, and its consolidated subsidiaries other than, for all periods following the separation and distribution, Concentrix. References in this information statement to Concentrix’ historical assets, liabilities, products, businesses or activities are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the Concentrix business as it was conducted as part of SYNNEX and its subsidiaries prior to the spin-off. Unless the context otherwise requires, references in this information statement to the “separation” or the “spin-off” refer to the separation of Concentrix from SYNNEX’ other businesses and the creation, as a result of the distribution, of an independent, publicly traded company, Concentrix. Unless the context otherwise requires, references in this information statement to the “distribution” refer to the distribution by SYNNEX to SYNNEX stockholders as of the record date of 100% of the outstanding shares of Concentrix, as further described herein.

SUMMARY

The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the spin-off, the business of Concentrix, the Concentrix common stock or other information that may be important to you. You should carefully review this entire information statement, including the risk factors, to better understand the spin-off and Concentrix' business and financial position.

Our Company

Overview

We are a leading global provider of technology-infused Customer Experience (“CX”) solutions, centered on helping our clients enhance the brand experience for their end-customers. We provide end-to-end capabilities that help drive deep customer understanding and engagement. Our solutions facilitate communication between our clients and their customers, provide analytics and process optimization, and support client-centric operations and back-office processing across the enterprise. Our differentiated portfolio of solutions support Fortune Global 500 as well as high-growth companies across the globe in their efforts to deliver an optimized, consistent brand experience across all channels of communication, such as voice, chat, email, social media, asynchronous messaging, and custom applications. We strive to deliver exceptional services globally supported by our deep industry knowledge, technology and security practices, talented people, and digital and analytics expertise.

We offer our clients integrated solutions supporting the entirety of the customer lifecycle; CX and user experience (“UX”) strategy and design; analytics and actionable insights; and innovative new approaches to enhancing the customer experience through the latest technological advancements in our industry. We believe that we are at the forefront of the shift from traditional Customer Relationship Management (“CRM”), which is focused on a portion of the customer lifecycle, to CX, which supports the entirety of it. Through our end-to-end capabilities, we deliver better economic outcomes for our clients with solutions designed to meet their unique needs as they navigate a landscape characterized by discerning consumers and new market entrants.

We have strong relationships with companies across the globe and are a provider of choice for industry leaders. We believe in supporting our clients over the long term to build enduring relationships. Our average client tenure is 15 years. As of today, we serve over 95 Fortune Global 500 clients as well as more than 90 high-growth companies across various verticals and geographies that are attempting to disrupt their respective industries. We primarily support clients in verticals with certain characteristics, such as high growth, high transaction volume, high levels of compliance and security, and steep barriers to entry. Our strategic verticals include technology and consumer electronics, communications and media, retail, travel and ecommerce, banking, financial services and insurance, healthcare, and other. Our clients include:

- 7 of the top 10 global digital companies
- 8 of the top 10 global internet companies
- 6 of the top 10 U.S. health insurance companies
- 4 of the top 5 U.S. banks
- 7 of the top 10 global automotive companies

Through our technology-infused offerings, our clients benefit from having a single resource that enables them to address the entirety of the customer journey from acquisition to support to renewal. Our end-to-end capabilities and broad service offerings help our clients acquire, retain, and improve the lifetime value of their customer relationships while optimizing their back-office processes.

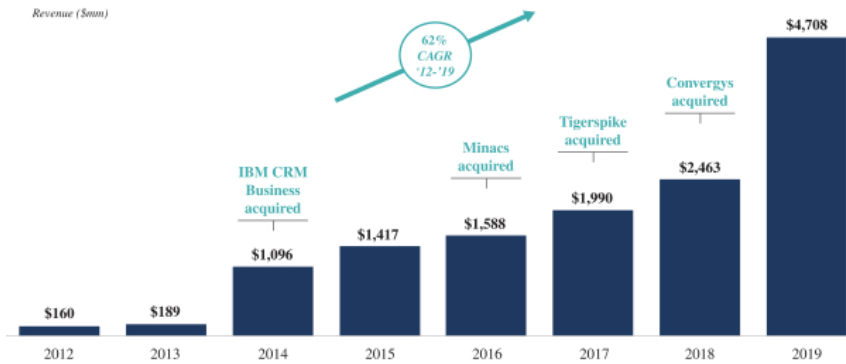
We combine global consistency with local expertise, enhancing the end user experience for our clients' customers through services rendered by approximately 250,000 employees across more than 275 locations in more than 40 countries and 6 continents, where we conduct business in over 70 languages.

Our revenues for the fiscal year ended November 30, 2019 increased 91.1% from the prior fiscal year to \$4.7 billion, primarily due to the acquisition of Convergys Corporation ("Convergys") in October 2018. We recorded operating income of \$294 million over the same period with our operating income margin expanding 40 basis points to 6.3%.

Our History

We trace our roots back to 2004 when SYNEX acquired BSA Sales, Inc., a company with 20 employees focused on helping clients through outsourced sales and marketing services. In 2006, SYNEX combined New York-based Concentrix with BSA Sales under the Concentrix name, with the goal of bringing technology and innovation into businesses to help clients reimagine and design the next generation of experiences. As our business evolved, our scope and scale widened but our commitment to our philosophy of technology and innovation remained unchanged. Throughout our history, we have made strategic acquisitions that bolstered our offerings, geographic reach, and scale. Our acquisition of Convergys in 2018 represented the largest acquisition in our industry to date, creating a global customer engagement services company that is a leader in CX solutions capabilities and reach.

We are one of the fastest growing CX companies globally. From fiscal year 2004 to fiscal year 2012, powered by organic growth, acquisitions, and product expansion, our organization expanded to 7,500 employees and our revenue grew at a compound annual growth rate (CAGR) of approximately 56%. With our acquisition of the IBM CRM business in 2014, we significantly expanded the reach of our Concentrix business to approximately 170 customers in 24 countries. The graph below illustrates our revenue growth and strategic milestones from fiscal year 2012 to date, culminating in our acquisition of Convergys, which nearly doubled our scale:



Our Market Opportunity

According to International Data Corporation¹, the global outsourced Customer Experience Management ("CXM") industry is currently sized at \$79 billion and is estimated to expand at a 4% CAGR over the next three

¹ IDC Worldwide and U.S. Business Process Outsourcing Services Forecast, April 2019, #US43778119.

years driven by an increased complexity to customer interactions and new digital channel growth. We believe there is considerable room for growth in our sector as only a small portion of the CRM market is outsourced today.

In order to maintain relevancy, our clients must transform their systems in response to increased competition and consumer demands. To meet the evolving needs of their customers, our clients are looking to large CX solutions providers, such as Concentrix, to automate their systems and provide professional support to address complexities beyond the scope of automation. We are a leader in next-generation CX technology driven by a focus on innovation, which we believe will increase our total addressable market as we enter and grow across new and existing markets. Our suite of integrated solutions include: digital services that enable efficient customer self-service; Voice of the Customer (“VOC”) solutions to gather and analyze customer feedback to foster loyalty to, and growth with, clients; analytics and consulting solutions that synthesize data and provide professional insight to improve clients’ customer experience strategies; Robotic Process Automation (“RPA”) solutions that automate customer engagement processes to reduce client costs; Artificial Intelligence (“AI”) technology that can intelligently act on customer intent to improve customer experience with non-human engagement; support for clients’ engagement with customers across the Internet of Things (“IoT”) and through multiple interconnected channels; Vertical BPO services that provide specialized support to specific industry verticals; and Back Office BPO services that support clients in non-customer facing areas.

Industry Trends

- **Growing Importance of Customer Experience.** We believe customer experience has become a strategic imperative for all enterprises today. Data, analytics, and digital solutions have reshaped the ways firms interact with their customers. As a result, enterprises are modernizing how they manage the customer experience across all channels of communication. The market is evolving from customer relationship management solutions that act as a cost cutting measure, toward end-to-end CX management solutions that create value throughout the entire customer lifecycle at an appropriate cost.
- **Empowered Consumers and Users.** The modern consumer is discerning and has come to expect a high level of care and responsiveness from their service providers. Old paradigms have shifted as increasingly competitive markets and easily accessible crowd-sourced information have empowered consumers to unprecedented levels. As consumers demand more and have an increased amount of alternatives, companies must differentiate on how they manage their customer relationships. This shift is driving the market toward consumer-centric solutions that limit customer churn and promote brand loyalty.
- **Technological Innovation.** Emerging technology is driving change within our industry and shaping the demands of our clients. Advancements in areas such as Digital Services, RPA, AI and Machine Learning (“ML”) are further disrupting our markets and our clients’ markets while opening new avenues for growth and opportunities for us to better serve our clients. These technologies provide clients the opportunity to interact more effectively with their customers and improve the customer experience by automating processes, optimizing customer journeys to reach faster solutions, enabling personalized engagement across multiple platforms, and focusing human engagement on the most complex interactions.
- **Evolving Role of People.** The skillset required of employees in the CRM and BPO industry is shifting as enterprises place increased importance on CX. Increasing complexity in the voice channel is driving a trend of longer customer engagements requiring CRM and BPO support professionals to have a more robust skill set. The increasing importance of skilled labor in our industry is offset by the transition of low complexity support to online support (self-service), driven by heavy automation and digitization. Despite growth in digital channels, phone conversations currently remain the preferred option for customer services interactions. We believe the human element will continue to be important in our

industry, as focus shifts from routine service to “last-mile” support requiring human-touch to deliver a stronger customer experience.

- **Mission Critical Nature of Cybersecurity.** Technological innovation coupled with the proliferation of smart devices and mobile connectivity is generating sensitive data at scale, while at the same time, the avenues for access have become numerous. Data security is paramount in an environment where improper access or carelessness can compromise customers and businesses. Businesses require scalable, industry-leading data protection and security to avoid reputational and operational risks in an environment characterized by the threats and benefits of free-flowing information.
- **Enterprise Preferences Driving Vendor Consolidation.** Enterprises have become increasingly multinational. As their scope of business increases, enterprises require a partner that can serve their needs by rapidly deploying solutions and new technology consistently across multiple geographies and channels. Enterprises therefore prefer vendors with scale and end-to-end capabilities that can be a one-stop shop and are consolidating existing relationships to vendors with scale to achieve their business objectives and pursue cost savings.
- **Market Fragmentation Driving Industry Consolidation.** We operate in a fragmented marketplace characterized by numerous vendors offering services across various levels of the value chain. Currently the top 10 players in CX only hold an approximate 30% market share with the remaining market share held by thousands of other vendors. As client preferences continue to evolve in line with enterprise preferences, we anticipate that our market will undergo further consolidation.
- **Existing Solutions Have Many Limitations.** As executives look to successfully navigate digital transformation and manage their customers’ experience across a wider variety of channels, unsophisticated providers and solutions often fail to meet customers’ needs. Currently there is a limited set of providers with end-to-end, global offerings of scale in the marketplace. The fragmentation of the market and, for many industries, high regulatory hurdles create additional complexity as most providers are small, niche, or local players. These issues are compounded by a lack of sufficient investment in cybersecurity, creating exposure to regulatory, reputational, and operational risks. These pain points, coupled with the prevalence of providers offering legacy solutions that fail to address the demands of the modern consumer, create an opportunity for large-scale, global CX solutions providers.

Our CX Solutions

We offer technology, people and process solutions that help clients enhance the experience for their customers and improve business performance. Our CX solutions encompass four complementary areas: Customer Lifecycle Management; CX/UX Strategy and Design; Digital Transformation; and VOC and Analytics. Through our integrated CX solutions offering, our clients engage us to acquire, support and renew customers, leverage customer feedback and insights to constantly improve business performance, and identify and implement customer-facing and back-office process improvements. We help our clients by creating tools that their customers and employees love to use, enable better customer interactions through real-time sentiment analysis, and integrate multiple customer interactions and touchpoints into one-stop smart mobile applications. We provide these solutions and other complementary services in 70 languages, across 6 continents, from over 275 locations in the Americas, Asia-Pacific and EMEA.

Customer Lifecycle Management. We seek to deliver next-generation customer engagement solutions and services that address the entirety of the customer lifecycle. We offer our clients the means to acquire, support and renew customers across all channels while minimizing attrition and increasing customer lifetime value. Our Customer Lifecycle Management solutions include services such as customer care, sales support, digital marketing, technical support, digital self-service, content moderation, creative design and content production, and back office services. Customer Lifecycle Management represents our core service offering and a significant majority of the services we provide.

In addition to our Customer Lifecycle Management services, we also provide the complementary services described below, which are provided to clients as integrated solutions with our core service offering:

- **CX/UX Strategy and Design.** We strive to help our clients reimagine what great is, designing next generation CX solutions to exceed customer expectations. Our CX/UX Strategy and Design solutions, including CX strategy, data-driven user design, journey mapping, and multi-platform engineering, enable our clients to create effortless, personalized customer engagements and align business priorities around measurable goals. Through these services, we promote a more rapid integration of digital and enabling technologies, providing transformational business services to our clients.
- **Digital Transformation.** We seek to offer cutting edge solutions to reshape how brands better engage with their customers. Our innovative solutions and services are focused on creating disruption to help our clients stay relevant and achieve better business outcomes. Our Digital Transformation solutions include services such as RPA and cognitive automation that automate processes to improve efficiency and accuracy, mobile app development to create new channels of engagement, work at home and gig platforms that capitalize on a changing and flexible workforce, Interactive Voice Response (“IVR”) and natural language understanding solutions that improve outcomes and customer experience with automated responses to verbal interactions, messaging and social platforms that allow clients to engage with customers across myriad platforms, and system integration services.
- **Voice of the Customer and Analytics.** Our VOC solutions turn customer feedback into actionable insights. Our Analytics solutions provide businesses with insight into rapidly changing markets through data, which provides our clients with a competitive edge. Our VOC and Analytics solutions include offerings such as VOC SaaS platform, speech and text insights, sentiment analysis, advanced analytics and real-time reporting.

Our Competitive Strengths

We believe the following strengths differentiate us from our competitors and provide us with a competitive advantage:

- **Extensive Global Presence:** We operate globally in over 40 countries across 6 continents with the ability to conduct business in 70 different languages. We believe we are well-positioned to serve the largest multinational brands in nearly every market in which they operate. Our global footprint includes a strong presence in emerging markets such as India, China, Brazil, Vietnam, Thailand and Indonesia, which provides an opportunity to grow with our clients in these regions. Our ability to create value for our clients across a global delivery platform has enabled us to be a partner of choice.
- **Market Leader with a Differentiated Brand and Value Proposition:** We believe we have a compelling brand and reputation as a leading provider of technology-infused solutions that shape the customer experience. We have a differentiated combination of global scale, local reach, technological expertise, end-to-end solution capabilities and full lifecycle services. We are widely recognized as a leading provider of CX solutions; garnering industry attention via 84 industry awards in fiscal year 2019. Third-party researchers have also taken note of our leading global practice with Everest Group Research distinguishing us as a leader for the 5th year, as well as naming us a star performer and leader in market impact, with high buyer satisfaction scores.
- **Strong Relationships with a Growing and Diversified Client Base:** We provide customer experience solutions for over 95 Fortune Global 500 brands worldwide. Leading companies worldwide, including more than 90 clients that believe they are disruptors in their industries and over 90 of the Fortune 500, rely upon our solutions and services. We serve a wide variety of clients, extending across numerous verticals, including one of the world’s largest ride-sharing companies, a large retail disruptor, a top global airline, a global beverage brand, a leading cloud company, and a major

healthcare provider. Our end-to-end capabilities and global scale has enabled us to build long-lasting relationships with our clients spanning over 15 years on average. Our commitment to our clients is our primary focus and has generated numerous accolades to date, including 105 client awards in fiscal year 2019.

- **Continued Investment in Research and Development:** We believe that our investment in technology differentiates us from our competitors. We have provided technology-infused solutions for longer than a decade. We have been at the forefront of developing technology-infused CX solutions that improve the customer experience and will continue to strive for this in the future. We have been a leader in our industry in advancements such as conversational virtual assistants, multichannel and augmented CRM, predictive analytics, emotion analytics, cognitive learning and AI and enjoy a first mover advantage. We are also an industry leader in cybersecurity best practices. We believe our strong focus on innovation has enabled us to maximize value for our clients and made it harder for our competitors to compete with us. Due to our size and scale, and the regular implementation of technology as part of our CX solutions, our costs of developing, maintaining and integrating new technologies are not material on a stand-alone basis.
- **Track Record of Sustainable Organic Growth:** We have a long track record of long-term organic revenue growth, and we believe we will continue to enjoy sustainable growth as a result of:
 - Nature of our offerings
 - Substantial switching costs for our clients
 - High net revenue retention rates
 - Strong barriers to entry in the CX solutions market
 - Large and expanding addressable market
- **Demonstrated History of Strategic Acquisitions.** We have acquired and integrated more than 15 companies since our inception. We have a demonstrated ability to turn around underutilized assets and maximize their value, which we believe allows us to explore a broader scope of opportunities than our peers. In 2018, we acquired Convergys, which enhanced our ability to deliver additional transformation services to our clients with a broader global footprint.
- **Corporate Culture Committed to Our Clients' Success:** Our unified team allows us to deliver consistent and exceptional results. As of August 31, 2020, our team consisted of approximately 250,000 employees globally. We enjoy high staff engagement because of a strong company culture that is fanatical about serving our clients through integrity and bold and disruptive thought.
- **Experienced Management Team:** Our passionate and committed management team is led by industry experts with a deep understanding of our clients' needs. We have a highly talented management team with significant experience in the CX industry, with our top 10 executives having over 140 years of combined service at our company. Through our acquisitions we have benefited from the addition of management talent, who have contributed valuable new perspectives and insights. Under our tenured management team, we have grown our revenue from \$1.1 billion in fiscal year 2014 to \$4.7 billion in fiscal year 2019, while delivering strong profitability.

Our Growth Strategy

The key elements to our growth strategy are:

- **Expand and Deepen Relationships with Existing Clients:** We have a well-established track record of cross-selling and offering additional solutions and premium services to sustain and grow our relationships with our existing clients. We have historically focused on clients with high transaction

volume on a recurring basis, fast growing verticals, and large enterprises, and will continue to do so. We believe our scale, efficiency, and technology generates incremental value for our clients with each process we manage, naturally driving our customers to spend more with us. We believe our focus on technology innovation and responding to our clients' needs positions us for continued growth.

- **Relentlessly Innovate and Develop New Digital Services and Solutions:** We believe we have developed innovative solutions for our clients, and we are focused on investing in technology. Investment in CX solutions technologies can enable more effective engagement with customers and improve the customer experience through increased automation, optimize customer journeys to reach faster solutions, enable personalized engagement across multiple platforms, and focus human engagement on the most complex interactions. For these reasons, we believe investments in disruptive technologies, applications, and services will continue to be instrumental in driving better value for our clients and result in increased profitability.
- **Further Expand into Adjacent Markets:** Our marketplace continues to expand beyond CRM BPO. We see significant opportunity for growth across adjacent markets. We intend to continue to provide our clients with an integrated offering of solutions that include digital services, VOC solutions, analytics and consulting, RPA solutions, AI technology, IoT solutions, Vertical BPO services and Back Office BPO services. To further capitalize on new market adjacencies, we have made significant investments across emerging technologies such as RPA, AI, ML, VOC, IVR, and IoT, which we believe will enhance our clients' ability to offer personalized, effective engagement in all customer interactions to increase customer satisfaction and promote brand loyalty. As our industry evolves, we will continue to invest in these new and fast growing markets to further sustain long-term growth.
- **Selectively Pursue Strategic Acquisitions:** We have made targeted acquisitions to increase our technology expertise, enter new verticals and geographies, and increase our scale, including the IBM Customer Care Business and Convergys. Our market remains highly fragmented and we believe that our acquisition strategy enhances and augments our growth avenues. We intend to continue to evaluate and pursue complementary, value enhancing acquisitions.
- **Invest in Emerging Markets:** We have invested in delivery operations in emerging, high-growth markets such as India, China, Brazil, Vietnam, Thailand and Indonesia. We expect to continue to invest in similar markets to be well-positioned to serve multinational brands and enable us to grow with our clients in the regions and countries where they are growing.

Summary Risk Factors

An investment in our common stock involves risks associated with our business, the spin-off and ownership of Concentrix common stock. The following list of risk factors is not exhaustive. Please read carefully the risks relating to these and other matters described under the section entitled "Risk Factors" beginning on page 17.

Risks Related to Our Business

- We are subject to uncertainties and rapid variability in demand by our clients, which could decrease revenue and adversely affect our operating results.
- Our client contracts include provisions, including termination for convenience, that could cause fluctuations in our revenue and have an adverse effect on our operations and financial results.
- Our industry is subject to intense competition and dynamic changes in business model, which in turn could cause our operations to suffer.
- Our delivery center activities are located around the world, with a significant concentration in the Philippines, India, China, and Brazil, which may expose us to business risks and disrupt our operations.

- The ongoing COVID-19 pandemic or the widespread outbreak of another illness or communicable disease, or any other public health crisis, could adversely affect our business, results of operations and financial condition.
- Cyberattacks or the improper disclosure or control of personal information could result in liability and harm our reputation, which could adversely affect our business.
- Increases in the cost of labor across the jurisdictions in which we operate could adversely affect our results of operations.
- If we are unable to successfully manage and communicate with our delivery centers, our results of operations could be adversely affected.
- We depend on a limited number of clients for a significant portion of our revenue, and the loss of business from one or more of these clients could adversely affect our results of operations.
- We depend on a variety of communications services and information technology systems and networks, and any failure or increases in the cost of these systems could adversely impact our business and operating results.
- If we are unable to hire and retain employees with domain expertise, our operations will be disrupted, and such disruption may impact our ability to manage our costs, which in turn could impact our profitability.

Risks Relating to the Spin-Off

- Our plan to separate into two independent publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.
- The combined post-separation value of SYNEX and Concentrix common stock may not equal or exceed the pre-separation value of SYNEX common stock.
- We have not previously operated as an independent public company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company.
- We expect to have approximately \$1.1 billion of indebtedness outstanding upon completion of the separation and distribution, and our indebtedness could adversely affect our financial condition.
- The spin-off may not achieve some or all of the anticipated benefits.
- If the spin-off, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), SYNEX, Concentrix and SYNEX stockholders could be subject to significant tax liabilities, and, in certain circumstances, Concentrix could be required to indemnify SYNEX for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.
- We may not be able to engage in desirable acquisitions and other strategic or capital-raising transactions following the spin-off.

Risks Related to Ownership of Concentrix Common Stock

- There has been no prior market for our common stock, and we cannot guarantee that our stock price will not decline after the spin-off.

- A trading market may not develop for shares of our common stock, which could adversely affect the market price of those shares.
- Substantial sales of our common stock may occur in connection with the distribution, which could cause our stock price to decline.
- We cannot guarantee the payment of dividends on our common stock, or the timing or amount of any such dividends.
- Certain provisions of our certificate of incorporation and bylaws and of Delaware law will make it difficult for stockholders to change the composition of our board of directors and may discourage hostile takeover attempts that some of our stockholders may consider to be beneficial.

The Spin-Off

Background

On January 9, 2020, SYNEX announced its intent to separate its Concentrix business into an independent, publicly-traded company. To accomplish this separation, SYNEX intends to distribute the common stock of Concentrix Corporation to its stockholders on a pro rata basis. References to “we,” “our,” “us,” “the Company” or “Concentrix” refer to Concentrix Corporation, a Delaware corporation, and its consolidated subsidiaries after giving effect to the separation and distribution.

On [●], the distribution date, each SYNEX stockholder will receive one share of Concentrix common stock for each share of SYNEX common stock held at the close of business on the record date for the distribution, as described below. You will not be required to make any payment, surrender or exchange your shares of SYNEX common stock or take any other action to receive your shares of Concentrix common stock in the distribution. The distribution of our common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see “The Spin-off—Spin-off Conditions.”

Capital Structure

In connection with the spin-off, Concentrix expects to incur new third-party borrowings of approximately \$1.1 billion. Substantially all of the proceeds from such indebtedness will be transferred to SYNEX on or prior to the distribution to eliminate debt owed by Concentrix to SYNEX and in exchange for the contribution of certain Concentrix trademarks from SYNEX to Concentrix. The incurrence of indebtedness by Concentrix and the transfer of the proceeds to SYNEX will redistribute the amount of net debt owed by Concentrix and SYNEX to third-party lenders upon the distribution. We currently expect to incur this indebtedness through \$900 million of term loan borrowings under our new senior secured credit facility and our new \$350 million accounts receivable securitization facility, under which we expect to have approximately \$200 million of borrowings outstanding upon the spin-off. In addition, our new credit facility includes a \$600 million revolving credit facility, which we expect to be undrawn immediately following the distribution. For more information on Concentrix’ anticipated capital structure and the indebtedness we expect to incur in connection with the spin-off, see “Unaudited Pro Forma Condensed Combined Financial Statements” and “Description of Material Indebtedness.”

Reasons for the Spin-off

The SYNnex board of directors believes that separating the Concentrix business from the remainder of SYNnex is in the best interests of SYNnex and its stockholders for a number of reasons, including the following:

- *Dedicated Management Teams with Enhanced Strategic Focus.* The spin-off will allow each company to focus on and more effectively pursue its own distinct operating priorities and strategies and will enable the management of each company to focus on the unique needs and distinct markets of its business. As a distributor of information technology systems and products and provider of systems design and integration solutions, SYNnex can focus on margin expansion and working capital efficiencies in its core business, pursuing organic growth with product offering expansion, and identifying and pursuing strategic opportunities. As a provider of technology-infused CX solutions, Concentrix can focus on expanding and deepening relationships with its existing clients, investing in technology and innovating solutions for its clients, and further expanding into adjacent markets beyond CRM BPO.
- *More Efficient Organizational Structure.* The spin-off will create two companies, each with a simplified and more efficient organizational structure that will facilitate decision making fully aligned with the unique needs of its business.
- *Focused Capital Allocation.* The spin-off will allow each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in the manner most appropriate for its distinct strategy and business needs.
- *Direct Access to Capital Markets and Ability to Pursue Strategic Opportunities.* The spin-off will create an independent equity structure that will provide SYNnex and Concentrix direct access to capital markets and facilitate the ability of each company to utilize its common stock for future acquisitions.
- *Improved Management Incentive Tools.* The spin-off will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company's business, improving the alignment of management and employee incentives with performance and growth objectives.
- *Unique Investment Profile.* The spin-off will allow investors to separately value SYNnex and Concentrix based on their unique investment profiles and will provide investors with two distinct and targeted investment opportunities.

For more information on the background and reasons for the spin-off, see "The Spin-off—Background and Reasons for the Spin-off."

Results of the Spin-off

After the spin-off, Concentrix will be an independent public company owning and operating our CX solutions business. Immediately after the spin-off, we expect to have approximately 5,000 holders of shares of our common stock and approximately 51.7 million shares of our common stock issued and outstanding based on the spin-off ratio described above and the anticipated number of beneficial stockholders and outstanding SYNnex shares on [●], the record date. The actual number of shares to be distributed will be determined based on the number of SYNnex shares outstanding on the record date.

The spin-off will not affect the number of outstanding SYNnex shares or any rights of SYNnex stockholders, although it will affect the market value of the outstanding SYNnex common shares.

Corporate Information

Concentrix was incorporated in Delaware in December 2009 for the purpose of engaging in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law. Our principal executive offices are located at 44111 Nobel Drive, Fremont, California 94538. Our telephone number is (800) 747-0583. Our website address is www.concentrix.com. The reference to our website is a textual reference only. Information on our website, any website directly or indirectly linked to our website, or any other website mentioned in this information statement does not constitute in any way part of this information statement and is not incorporated by reference into this information statement, and you should not rely on any such information in making an investment decision.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to stockholders of SYNEX who will receive shares of Concentrix common stock in the distribution. It is not to be construed as an inducement or encouragement to buy or sell any of Concentrix' securities. The information contained in this information statement is believed by Concentrix to be accurate as of the date set forth on the cover of this information statement. Changes may occur after that date and neither SYNEX nor Concentrix will update this information except in the normal course of their respective disclosure obligations and practices, or as required by applicable law.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following table presents the summary historical and unaudited pro forma combined financial data for Concentrix. The combined statements of operations data for the nine months ended August 31, 2020 and 2019 and the combined balance sheet data as of August 31, 2020 have been derived from our unaudited combined financial statements included elsewhere in this information statement. The combined statements of operations data for fiscal years 2019, 2018 and 2017 and the combined balance sheet data as of November 30, 2019 and 2018 have been derived from our audited combined financial statements included elsewhere in this information statement. The combined balance sheet data as of November 30, 2017 have been derived from our unaudited combined financial statements that are not included in this information statement.

The summary unaudited pro forma combined financial data reflect adjustments to our historical financial results in connection with the separation and distribution. The unaudited pro forma income statement data give effect to these events as if they occurred on December 1, 2018, the beginning of our most recently completed fiscal year. The unaudited pro forma balance sheet data gives effect to these events as if they occurred as of August 31, 2020, our latest balance sheet date.

The unaudited pro forma combined financial data are not necessarily indicative of our results of operations or financial condition had the separation and distribution been completed on the dates assumed. Also, they may not reflect the results of operations or financial condition that would have resulted had we been operating as a stand-alone publicly traded company during such periods. In addition, they are not necessarily indicative of our future results of operation or financial condition.

The summary financial data should be read in conjunction with the sections entitled “Capitalization,” “Unaudited Pro Forma Combined Financial Statements,” “Selected Historical Combined Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical combined financial statements and accompanying notes included in this information statement. See “Index to Combined Financial Statements.”

	As of and For the Nine Months Ended			As of and For the Fiscal Years Ended November 30,			
	Pro Forma	Historical		Pro Forma	Historical		
	August 31, 2020 (unaudited)	August 31, 2020 (unaudited)	August 31, 2019 (unaudited)	2019 (unaudited)	2019	2018	2017
Statements of Operations Data: (in thousands)							
Revenue	\$ 3,418,676	\$ 3,418,676	\$ 3,495,076	\$ 4,707,912	\$ 4,707,912	\$ 2,463,151	\$ 1,990,180
Gross profit	1,202,893	1,202,893	1,290,017	1,748,448	1,748,448	937,552	749,154
Operating income	188,554	188,554	192,878	294,332	294,332	144,761	114,623
Net income	115,202	100,184	85,294	169,230	117,164	48,271	72,250
Balance Sheet Data: (in thousands)							
Cash and cash equivalents	\$ 85,341	\$ 93,341		\$ 79,656	\$ 123,389	\$ 123,499	
Total assets	5,011,671	5,119,394		4,653,755	4,766,993	1,668,407	
Total equity	2,236,467	1,627,967		1,469,841	1,319,802	261,543	

QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

Q: Why am I receiving this document?

A: SYNEX is delivering this document to you because you were a holder of SYNEX common stock at the close of business on the record date for the distribution of shares of our common stock. Accordingly, you are entitled to receive one share of our common stock for each share of SYNEX common stock that you held at 5:00 p.m., Eastern Time on the record date. No action is required for you to participate in the distribution. The distribution will take place on or about [●].

Q: Why is SYNEX separating our business and distributing our stock?

A. The SYNEX board of directors believes that separating the Concentrix business from the remainder of SYNEX is in the best interests of SYNEX and its stockholders for a number of reasons, including the following:

- *Dedicated Management Teams with Enhanced Strategic Focus.* The spin-off will allow each company to focus on and more effectively pursue its own distinct operating priorities and strategies and will enable the management of each company to focus on the unique needs and distinct markets of its business. As a distributor of information technology systems and products and provider of systems design and integration solutions, SYNEX can focus on margin expansion and working capital efficiencies in its core business, pursuing organic growth with product offering expansion, and identifying and pursuing strategic opportunities. As a provider of technology-infused CX solutions, Concentrix can focus on expanding and deepening relationships with its existing clients, investing in technology and innovating solutions for its clients, and further expanding into adjacent markets beyond CRM BPO.
- *More Efficient Organizational Structure.* The spin-off will create two companies, each with a simplified and more efficient organizational structure that will facilitate decision making fully aligned with the unique needs of its business.
- *Focused Capital Allocation.* The spin-off will allow each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in the manner most appropriate for its distinct strategy and business needs.
- *Direct Access to Capital Markets and Ability to Pursue Strategic Opportunities.* The spin-off will create an independent equity structure that will provide SYNEX and Concentrix direct access to capital markets and facilitate the ability of each company to utilize its common stock for future acquisitions.
- *Improved Management Incentive Tools.* The spin-off will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company's business, improving the alignment of management and employee incentives with performance and growth objectives.
- *Unique Investment Profile.* The spin-off will allow investors to separately value SYNEX and Concentrix based on their unique investment profiles and will provide investors with two distinct and targeted investment opportunities.

For more information on the background and reasons for the spin-off, see "The Spin-off—Background and Reasons for the Spin-off."

Q: How will the spin-off work?

A: All of the shares of our common stock will be distributed to the stockholders of SYNEX on a pro rata basis. For more information, see the section entitled "The Spin-off—Transactions Prior to the Spin-off" and "—Manner of Effecting the Spin-off."

Q: What businesses will we operate after the spin-off?

A: Concentrix will operate the CX solutions business after the spin-off, and Concentrix will retain the assets related to the CX solutions business in the separation. For more information on our business, see the section entitled “Business.” SYNnex will continue to operate its technology solutions business after the spin-off, and SYNnex will retain the assets related to the technology solutions business in the separation.

Q: What will our relationship be with SYNnex after the spin-off?

A: SYNnex and our company will be separate, publicly owned companies. We will, however, enter into certain agreements with SYNnex to define our ongoing relationship after the spin-off. The agreements will define our responsibility for obligations arising before and after the spin-off date, including obligations relating to our employees and taxes. We also expect to enter into a commercial agreement with SYNnex under which we will continue to provide certain CX solutions services to SYNnex following the separation. For additional information on our relationship with SYNnex after the spin-off, see “Certain Relationships and Related Party Transactions.”

Q: When will the spin-off occur?

A: We expect that SYNnex will distribute our shares of common stock on [●] to holders of record of SYNnex common stock at the close of business on the record date.

Q: What is the record date for the spin-off?

A: The record date for the spin-off is [●].

Q: What do I have to do to participate in the spin-off?

A: Nothing. You are not required to take any action to receive our common stock in the spin-off. No vote will be taken for the spin-off. If you own shares of SYNnex common stock as of the close of business on the record date, a book-entry account statement reflecting your ownership of our shares of common stock will be mailed to you, or your brokerage account will be credited for the shares, on or about [●]. **Please do not send in any SYNnex stock certificates.** If you hold physical share certificates that represent your SYNnex common shares and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Concentrix common stock that have been registered in book-entry form in your name.

Q: How many shares of Concentrix common stock will I receive?

A: SYNnex will distribute one share of our common stock for each share of SYNnex common stock you own as of the close of business on the record date. For example, if you own ten shares of SYNnex common stock as of the close of business on the record date, you will receive ten shares of our common stock in the spin-off. Based on approximately 51.7 million shares of SYNnex common stock that we expect to be outstanding on the record date, and the spin-off distribution ratio, SYNnex will distribute a total of approximately 51.7 million shares of our common stock.

Q: Will SYNnex distribute fractional shares?

A: No. SYNnex will distribute one share of our common stock for each share of SYNnex common stock you own as of the close of business on the record date. As a result, no fractional shares will be distributed.

Q: What is book-entry?

A: The book-entry system allows registered owners to hold their shares without the need for physical stock certificates. Holding shares in book-entry form eliminates the problems associated with paper certificates,

such as storage and safety of certificates, and the requirement for physical movement of stock certificates at the time of sale or transfer of ownership. You will not receive a stock certificate representing your shares distributed pursuant to the spin-off. All distributed shares will be held in book-entry form.

Q: Is the spin-off taxable for U.S. federal income tax purposes?

A: SYNnex expects that the spin-off will be tax-free to SYNnex and to its U.S. common stockholders. See “Material U.S. Federal Income Tax Consequences of the Distribution” for a more complete discussion of the U.S. federal income tax consequences of the spin-off to SYNnex stockholders.

Q: How will the spin-off affect my tax basis in SYNnex common stock?

A: Your tax basis in the SYNnex common stock will be allocated between the SYNnex common stock and our common stock received in the spin-off in proportion to their relative fair market values on the date of the spin-off. Within a reasonable time after the spin-off is completed, SYNnex will provide to U.S. taxpayers information to enable them to compute their tax bases in both SYNnex and our common stock and other information they will need to report their receipt of our common stock on their 2020 U.S. federal income tax return as a tax-free transaction. See “Material U.S. Federal Income Tax Consequences of the Distribution” for a more complete description of the effects on your tax basis.

Q: Where will I be able to trade shares of Concentrix common stock?

A: Currently there is no public market for our common stock. Our common stock is expected to be authorized for listing on the Nasdaq Global Select Market under the symbol “CNXC”. We anticipate that trading in shares of our common stock will begin on a “when-issued” basis on or around the record date and before the spin-off date, and that “regular-way” trading will begin on the first trading day after the distribution date. If trading does begin on a “when-issued” basis, you may purchase or sell our common stock after that time, but your transaction will not settle until after the spin-off date. Shares of our common stock will generally be freely tradable after the spin-off date.

Q: Will the number of SYNnex shares I own change as a result of the spin-off?

A: No. The number of shares of SYNnex common stock you own will not change as a result of the spin-off.

Q: What will happen to the listing of SYNnex common stock?

A: Nothing. SYNnex common stock will continue to be traded on the New York Stock Exchange under the symbol “SNX.”

Q: Will the distribution affect the market price of my SYNnex shares?

A: Yes. As a result of the distribution, it is expected that the trading price of SYNnex common shares immediately following the distribution will be lower than the trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the Concentrix CX solutions business. The combined trading prices of the shares of SYNnex common stock and the shares of Concentrix common stock that you own immediately after the distribution may be equal to, greater than or less than the trading price of the shares of SYNnex common stock that you own immediately before the distribution.

Q: Will Concentrix have any debt after the spin-off?

A: Yes. We expect to have approximately \$1.1 billion of indebtedness upon completion of the spin-off. Substantially all of the proceeds from such indebtedness will be transferred to SYNnex on or prior to the

distribution to eliminate debt owed by Concentrix to SYNnex and in exchange for the contribution of certain Concentrix trademarks from SYNnex to Concentrix. For more information on our anticipated capital structure and the indebtedness we expect to incur in connection with the spin-off, see “Unaudited Pro Forma Condensed Combined Financial Statements” and “Description of Material Indebtedness.”

Q: Will I be paid any dividends on Concentrix common stock?

A: The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of our board of directors. Our board of directors’ decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints, and other factors that our board of directors deems relevant.

Q: What are the conditions to the distribution?

- A: The distribution is subject to final approval by the board of directors of SYNnex, as well as to a number of conditions, including, among others:
- the U.S. Securities and Exchange Commission (the “SEC”) has declared effective our registration statement on Form 10, of which this information statement is a part, no stop order suspending the effectiveness of our registration statement is in effect, no proceedings for such purpose have been instituted or threatened by the SEC, and this information statement has been made available to SYNnex stockholders;
 - SYNnex has received an opinion from Ernst & Young LLP regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax free for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code;
 - the transfer of assets and liabilities between SYNnex and Concentrix shall be completed in accordance with the separation and distribution agreement;
 - an independent appraisal firm shall have delivered one (1) or more opinions to the SYNnex board of directors confirming the solvency and financial viability of SYNnex before the consummation of the distribution and each of SYNnex and Concentrix after the consummation of the distribution, and such opinions shall be acceptable to SYNnex in form and substance in SYNnex’ sole discretion, and such opinions shall not have been withdrawn, rescinded, or modified in any respect;
 - the actions and filings necessary under applicable U.S. federal, U.S. state or other securities or blue sky laws have been taken or made and, where applicable, have become effective or been accepted;
 - any approvals or notifications of any governmental authorities required to complete the separation and distribution have been obtained;
 - SYNnex and Concentrix have entered into the separation and distribution agreement, the employee matters agreement, and the tax matters agreement;
 - no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution, or any of the related transactions is in effect;
 - the shares of Concentrix common stock to be distributed to SYNnex stockholders in the distribution have been accepted for listing on the Nasdaq Global Select Market, subject to official notice of distribution; and
 - no other events or developments exist or have occurred that, in the judgment of SYNnex’ board of directors, in its sole discretion, make it inadvisable to effect the separation, the distribution or the other related transactions.

Q: Can SYNEX decide to cancel the distribution of Concentrix common stock even if all the conditions have been met?

A: Yes. Until the distribution has occurred, SYNEX has the right to terminate the distribution, even if all of the conditions are satisfied. See “The Spin-off—Spin-off Conditions.”

Q: Who will manage Concentrix after the spin-off?

A: Concentrix benefits from having in place a management team with an extensive background in the CX solutions business. Led by Christopher Caldwell, Concentrix’ management team possesses deep knowledge of, and extensive experience in, its industry. For more information regarding Concentrix’ management, see “Management.”

Q: Are there risks associated with owning Concentrix common stock?

A: Yes. Ownership of Concentrix common stock will be subject to both general and specific risks, including those relating to Concentrix’ business, the industry in which it operates, its separation from SYNEX and ongoing contractual relationships with SYNEX and its status as a separate, publicly traded company. These risks are described in the “Risk Factors” section of this information statement. You are encouraged to read that section carefully.

Q: Whom do I contact for information regarding you and the spin-off?

A: Before the spin-off, you should direct inquiries relating to the spin-off to:

SYNEX Corporation
Investor Relations
44201 Nobel Drive
Fremont, CA 94538
Phone: (510) 668-3904
Email: IR@synex.com

After the spin-off, you should direct inquiries relating to an investment in our common stock to:

Concentrix Corporation
44111 Nobel Drive
Fremont, CA 94538
Phone: (800) 747-0583
Email: investor.relations@concentrix.com

After the spin-off, the transfer agent and registrar for our common stock will be Computershare Trust Company, N.A.

RISK FACTORS

You should carefully consider each of the following risks and all of the other information contained in this information statement. Some of the risks described below relate principally to our business and the industry in which we operate, while others relate principally to the spin-off. The remaining risks relate principally to the securities markets generally and ownership of Concentrix common stock.

Our business, financial condition, results of operations, or liquidity could be materially adversely affected by any of these risks, and, as a result, the trading price of our common stock could decline. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Business

We anticipate that our revenue and operating results will fluctuate, which could adversely affect the enterprise value of our Company and our securities.

Our operating results have fluctuated and will fluctuate in the future as a result of many factors, including:

- the impact of the business acquisitions and dispositions we make;
- general economic conditions, including uncertainty related to the COVID-19 pandemic and its impact on the global economy, United States and China trade negotiations, the United Kingdom's exit from the European Union, U.S. federal government budget disruptions, and market volatility as a result of political leadership in certain countries;
- the level of outsourced business services, including insourcing by our clients;
- the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets that they serve;
- our clients' success and the market acceptance and performance of their products and services;
- consolidation of our competitors;
- competitive conditions in our industry; and
- fluctuations in rates in the currencies in which we transact.

Although we attempt to control our expense levels, these levels are based, in part, on anticipated revenue. Therefore, we may not be able to control spending in a timely manner to compensate for any unexpected revenue decrease.

Revenue is typically higher in our fourth quarter due to seasonal patterns in our clients' businesses. These patterns may not be repeated in subsequent periods. You should not rely on period-to-period comparisons of our operating results as an indication of future performance. In future years, our operating results may be below our expectations or those of our public market analysts or investors, which would likely cause our share price to decline.

We are subject to uncertainties and rapid variability in demand by our clients, which could decrease revenue and adversely affect our operating results.

Our revenues depend, in large part, on the volume, geographic location, and type of outsourcing services demanded. Customer experience outsourcing involves companies contracting with a third party, such as Concentrix, to provide customer experience solutions rather than performing such services in-house. Customer experience solutions can be provided in different geographies and through different service channels. While we have the capacity to provide multi-channel services in countries across the globe, changes in the type of services

utilized and the geographic location where the services are provided can impact our revenues and profitability. There can be no assurance that the current demand for customer experience outsourcing will continue or grow, that organizations will not elect to perform such services in-house, or that clients will not elect to move outsourcing services to lower-cost or lower-margin geographies or customer contact channels.

Our client contracts include provisions, including termination for convenience, that could cause fluctuations in our revenue and have an adverse effect on our operations and financial results.

Our client contracts typically include provisions that, if triggered, could impact our profitability. For example, many of our contracts may be terminated with a short amount of notice for any reason and, to the extent our clients terminate these contracts, we could experience unexpected fluctuations in our revenue and operating results from period to period. Additionally, some contracts have performance-related bonus or penalty provisions, whereby we could receive a bonus if we satisfy certain performance levels or have to pay a penalty for failing to do so. Such performance-related conditions are based on metrics that measure customer satisfaction and the quality, quantity and efficiency of our handling of the client's customer interactions across multiple channels. Generally, performance-related compensation represents less than 1% of our annual revenue in the aggregate. However, whether we receive a bonus or are required to pay a penalty changes with performance and may cause fluctuations in our financial results. In addition, our clients may not guarantee a minimum volume; however, we hire employees based on anticipated volumes. If we fail to anticipate volumes correctly, our operations and financial results may suffer. The reduction of volume, loss of clients, payment of penalties or inability to terminate any unprofitable contracts could have an adverse impact on our operations and financial results.

Our industry is subject to intense competition and dynamic changes in business model, which in turn could cause our operations to suffer.

The CX solutions industry is highly competitive, highly fragmented and subject to rapid change. We believe that the principal competitive factors in this market are breadth and depth of process and domain expertise, service quality, ability to tailor specific solutions to customer needs, the ability to attract, train and retain qualified people, compliance rigor, global delivery capabilities, price, and marketing and sales capabilities. We compete for business with a variety of companies, including in-house operations of existing and potential clients. If our clients place more focus in this area and internalize these operations, this could cause a significant reduction in the size of the available market for third-party service providers like us. Similarly, if competitors offer their services at lower prices to gain market share or provide services that gain greater market acceptance than the services we offer or develop, the demand for our services may decrease. Niche providers or new entrants can enter markets by developing new systems or services that could impact our business. The opportunity for new entrants in our industry may expand as some CX solutions shift from voice engagement to digital engagement. New competitors, new strategies by existing competitors or clients, and consolidation among clients or competitors could result in significant market share gain by our competitors, which could have an adverse effect on our revenues.

In addition, our success may depend on our ability to continue to develop and implement services and solutions that anticipate and respond to rapid and continuing changes in technology and offerings to serve the evolving needs of our clients. Some of these emerging technologies, such as RPA, AI, ML, VOC, IVR, and IoT, may cause an adverse shift in the way our existing business operations are conducted, including by replacing human contacts with automated or self-service options, or decrease the size of the available market. We may be unsuccessful at anticipating or responding to new developments on a timely and cost-effective basis, and our use of technology may differ from accepted practices in the marketplace. Certain of our solutions may require lengthy and complex implementations that can be subject to changing client preferences and continuing changes in technology, which can increase costs or adversely affect our business. We may incur significant expenses in an effort to keep pace with customer preferences for technology or to gain a competitive advantage through technological expertise or new technologies. If we cannot offer new technologies as quickly or efficiently as our

competitors, or if our competitors develop more cost-effective or client-preferred technologies, it could have a material adverse effect on our ability to obtain and complete client engagements, which could adversely affect our business.

Our delivery center activities are located around the world, with a significant concentration in the Philippines, India, China, and Brazil, which may expose us to business risks and disrupt our operations.

Our operations are based on a global delivery model with client services provided from delivery centers located throughout the Americas, Asia-Pacific, and EMEA, with a significant percentage of our workforce located in the Philippines, India, China, and Brazil. Operating globally subjects us to risks in the countries in which we do business, which may include political and economic instability, the time and expense required to comply with different laws and regulations, challenges with hiring and retaining adequate staff, inflation, longer payment cycles or difficulties in collecting accounts, and seasonal reductions in business activity. Socio-economic situations that are specific to the Philippines, India, China and Brazil can severely disrupt our operations and impact our ability to fulfill our contractual obligations to our clients. If these regions experience severe natural calamities or political unrest, our personnel resources may be affected, our IT and communication infrastructure may be at risk and the client processes that we manage may be adversely affected. We may also continue to expand internationally to respond to competitive pressure and client and market requirements, which could increase these risks. If we are unable to manage the risks associated with our international operations and expanding such operations, our business could be adversely affected and our revenues and earnings could decrease.

The ongoing COVID-19 pandemic or the widespread outbreak of another illness or communicable disease, or any other public health crisis, could adversely affect our business, results of operations and financial condition.

We could be negatively impacted by the COVID-19 pandemic or the widespread outbreak of another illness or other communicable disease, or any other public health crisis, that results in a disruption to the global economy. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and labor force participation and created significant volatility and disruption of financial markets. "Shelter-in-place" restrictions by various governments around the world negatively impacted our results of operations for the nine months ended August 31, 2020, and was most acute during the second quarter of fiscal year 2020, as many of our employees were unable to work productively during the period despite client demand. The extent of the continued impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, including the duration, spread and severity of the pandemic, country and state restrictions regarding virus containment, accessibility to the Company's delivery and operations locations, our continued utilization of remote work environments in response to future health and safety restrictions, the pace at which the Company is able to ramp back to seasonal business levels, and the effect on our clients' businesses and the demand for their products and services, all of which are uncertain and cannot be predicted. We could also face legal, reputational and financial risks if we fail to protect customer and internal data from security breaches or cyberattacks.

An extended period of disruption to the global economy and business operations caused by the COVID-19 pandemic or any other public health crisis could materially affect our business, our plans to separate from SYNEX and become an independent public company, our results of operations, our access to sources of liquidity, the carrying value of our goodwill and intangible assets, and our financial condition.

Cyberattacks or the improper disclosure or control of personal information could result in liability and harm our reputation, which could adversely affect our business.

Our business is heavily dependent upon information technology networks and systems. Internal or external attacks on those networks and systems could disrupt our normal operations centers and impede our ability to provide critical products and services to our clients and their customers, subjecting us to liability under our contracts and damaging our reputation.

Our business also involves the use, storage, and transmission of information about our employees, our clients, and customers of our clients. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to such data or otherwise mismanages or misappropriates that data, we could be subject to monetary damages, fines, or criminal prosecution. Unauthorized disclosure of sensitive or confidential client or customer data, whether through system failure, employee negligence, fraud, or misappropriation, along with unauthorized access to or through our information systems or those we develop for clients, whether by our employees or third parties, could result in negative publicity, loss of clients, legal liability, and damage to our reputation, business, results of operations, and financial condition.

While we take measures to protect the security of, and prevent unauthorized access to, our systems and personal and proprietary information, the security controls for our systems, as well as other security practices we follow, may not prevent improper access to, or disclosure of, personally identifiable or proprietary information. Furthermore, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. The General Data Protection Regulation (“GDPR”) in Europe, the Data Privacy Act in Philippines, the California Consumer Privacy Act and other similar laws have resulted, and will continue to result, in increased compliance costs. Moreover, the failure to comply with these laws can result in significant monetary penalties. For example, fines of up to 4% of an entity’s annual global revenues can be imposed for violations of the GDPR. Our failure to adhere to or successfully implement processes in response to these and other changing regulatory requirements in this area could result in legal liability, monetary penalties, or impairment to our reputation in the marketplace, which could have a material adverse effect on our business, financial condition, and results of operations.

Increases in the cost of labor across the jurisdictions in which we operate could adversely affect our results of operations.

We generally sign multi-year client contracts with pricing models that are based on prevailing labor costs in the jurisdictions where we will deliver services. However, quickly rising wages or changes in laws or governmental regulations related to wages, employee benefits or other working conditions with little notice or transition period can increase our costs and limit our ability to adjust in a timely manner. Potential labor organizing and works council negotiations in certain of the countries in which we do business could also contribute to rising costs or otherwise disrupt our business. Such rising costs or our inability to manage rising costs could have a material adverse effect on our business and results of operations.

If we are unable to successfully manage and communicate with our delivery centers, our results of operations could be adversely affected.

Our global business may be adversely impacted if we are unable to manage and communicate with our resources located around the world. Service quality may be placed at risk and our ability to optimize our resources may be compromised if we are unable to manage our resources remotely. Our business uses a wide variety of technologies to allow us to manage a large volume of work. These technologies are designed to keep our employees productive. Any failure in technology may have a negative impact on our operations. The success of our services primarily depends on the performance of our employees and resulting customer satisfaction. Any increase in average waiting time or handling time or lack of promptness or technical expertise of our employees will directly impact customer satisfaction. Any adverse customer satisfaction may impact the overall business. If we are unable to successfully manage and communicate with our delivery centers, our results of operations could be adversely affected.

We depend on a limited number of clients for a significant portion of our revenue, and the loss of business from one or more of these clients could adversely affect our results of operations.

Our five largest clients collectively represented approximately 27% of our revenue in 2019. This client concentration increases the risk of quarterly fluctuations in our operating results, depending on the seasonal

pattern of our top clients' business. In addition, our top clients could make greater demands on us with regard to pricing and contractual terms in general.

At any given time, we typically have multiple work orders or contracts with our largest clients. Clients may have the right to terminate work orders or contracts for convenience or may have risk tolerances that limit how much business they retain with a single service provider. While we would not expect all work orders or contracts to terminate at the same time, the loss of one or more of the larger work orders or contracts with one of our largest clients could adversely affect our business, results of operations and financial condition if the lost revenues are not replaced with profitable revenues from that client or other clients.

We depend on a variety of communications services and information technology systems and networks, and any failure or increase in the cost of these systems could adversely impact our business and operating results.

The services we provide to our clients depend on the persistent availability and uncompromised security of our communications, technology and information technology systems. We utilize and deploy internally-developed and third-party software solutions across various hardware environments. We operate an extensive internal voice and data network that links our global sites together in a multi-hub model that enables the rerouting of voice and data across the network, and we rely on multiple public communication channels and telephone, internet, and data services provided by various third parties for connectivity to our clients. Maintenance of, and investment in, this technology is critical to the success of our service delivery model. Failures or significant downtime of our IT or telecommunications systems could prevent us from handling call volume, and frequent or prolonged interruption in our ability to provide service could result in contractual performance penalties, damage to our reputation, and the loss of business from existing and potential clients. Telephone, internet, and data service providers may elect not to renew their contracts with us or increase the cost of such services. Any interruption of our communications or information technology systems or a significant increase in the cost of maintaining and operating those systems could have an adverse effect on our operations and financial results.

If we fail to maintain effective internal controls over operations we perform for our clients or if our information systems are breached or client data are compromised, client relations may suffer, which in turn may adversely affect our revenue and results of operations.

We represent our clients in certain critical operations of their business processes such as sales, marketing and customer support and manage large volumes of customer information and confidential data. If we fail to maintain effective controls, our clients experience disruptions in their operations or the confidentiality of customer data is compromised, our client relationships may suffer, and we may face possible legal action. We may be liable if we do not maintain adequate internal controls over the processes we manage for our clients or if we fail to comply with the laws and regulations applicable to the operations in which we represent our clients.

Our clients may request us to obtain audit reports over our internal controls. If we are unable to complete these audit reports in a timely manner, or if internal control deficiencies are identified in the audit process, our client relationships may suffer.

If we are unable to hire and retain employees with domain expertise, our operations will be disrupted, and such disruption may impact our ability to manage our costs, which in turn could impact our profitability.

The success of our operations and the quality of our services are highly dependent on our ability to attract and retain skilled personnel in all of our global delivery centers. The industry is characterized by high employee attrition rates and we face competition in hiring, retaining and motivating talented and skilled leaders and employees with domain experience. Any increase in our employee turnover rate could increase recruiting and training costs and could decrease operating effectiveness and productivity.

In addition, our profitability is directly affected by the utilization rate of our personnel resources. If we are unable to achieve optimum utilization of our personnel resources, we may experience erosions in our profit margin. However, if our utilization is too high, it may result in a deterioration in the quality of services provided to our clients and may also result in higher attrition rates. If we are unable to manage our employee attrition rates, adequately motivate our employees or utilize our personnel resources efficiently, our operations will be disrupted, and such disruption may impact our ability to manage our costs, which in turn could impact our profitability.

Because of the experience of our key personnel and their technological and industry expertise, if we were to lose any of our key personnel, it could inhibit our ability to operate and grow our business successfully.

We are dependent in large part on our ability to retain the services of our key senior executives and other technological and industry experts and personnel. We generally do not have employment agreements with our executives or employees. We also do not carry "key person" insurance coverage for any of our key executives. We compete for qualified senior management and technical personnel. The loss of, or inability to hire, key executives or qualified employees could inhibit our ability to operate and grow our business successfully.

We have substantial operations located in regions of the world that have experienced severe natural events, and any disruption in the operations of our facilities could harm our business and operating results.

Natural disasters, adverse weather conditions, terrorist attacks, work stoppages in the transportation industry, and other business disruptions could seriously harm our revenue and financial condition and increase our costs and expenses by disrupting our operations or leading to economic weakness in the countries in which they occur. We have substantial operations in countries, most notably the Philippines and India, that have experienced severe natural events, such as typhoons, mudslides and floods, in the recent past. Weather patterns may become more volatile, and severe weather events may become more frequent or more widespread, as a result of the potential effects of climate change. Labor disputes that disrupt transportation services could limit the ability of our employees to reach our facilities or increase the cost of transportation services that we procure for our employees in certain countries. Any prolonged disruption in the operations of our facilities, whether due to technical difficulties, power failures, break-ins, destruction or damage to the facilities as a result of a natural disaster, fire, or any other reason, could cause service interruptions or reduce the quality level of services that we provide and harm our operating results. Our disaster recovery plan and business interruption insurance may not be sufficient to compensate for losses that may occur.

Changes in foreign currency exchange rates could adversely affect our business and operating results.

While most of our contracts are priced in U.S. dollars, we recognize a substantial amount of revenue under contracts that are denominated in euros, British pounds and other foreign currencies. A significant increase in the value of the U.S. dollar relative to these currencies may have a material adverse impact on the value of those revenues when translated to U.S. dollars.

Our services are delivered from several delivery centers located around the world, with significant operations in the Philippines and India. Although our contracts with U.S.-based clients are typically priced in U.S. dollars, a substantial portion of our costs to deliver services under these contracts are denominated in the local currency of the country where services are provided. We also have certain client contracts that are priced in non-U.S. dollar currencies for which a substantial portion of the costs to deliver the services are in other currencies. As a result, our revenue may be earned in currencies that are different from the currencies in which we incur corresponding expenses. Fluctuations in the value of currencies, such as the Philippine Peso, the Indian Rupee, and the Canadian Dollar, against the U.S. Dollar or other currencies in which we bill our clients, and inflation in the local economies in which these delivery centers are located, could increase the operating and labor costs in these delivery centers which can result in reduced profitability. A significant decrease in the value

of the contractual currency, relative to the currencies where services are provided, could have a material adverse impact on our operating results that are not fully offset by gains realized under the hedging contracts we have in place in certain currencies to limit our potential foreign currency exposure.

We may have higher than anticipated tax liabilities, which could result in a material adverse effect on our business.

Due to the global nature of our operations, we are subject to the complex and varying tax laws and rules of several jurisdictions and have material tax-related contingent liabilities that are difficult to predict or quantify. In preparing our financial statements, we calculate our effective income tax rate based on current tax laws and regulations and our estimated taxable income within each of these jurisdictions. Our effective tax rate could be adversely affected by several factors, many of which are outside of our control, including:

- changes in income before taxes in various jurisdictions in which we operate that have differing statutory tax rates;
- changes in tax laws, regulations, rates, and/or the implementation or interpretation of such tax laws and regulations in multiple jurisdictions;
- effect of tax rate on accounting for acquisitions and dispositions;
- issues arising from tax audit or examinations and any related interest or penalties; and
- uncertainty in obtaining tax holiday extensions or expiration or loss of tax holidays in various jurisdictions.

We report our results of operations based on our determination of the amount of taxes owed in various tax jurisdictions in which we operate. The determination of our worldwide provision for income taxes and other tax liabilities requires estimation, judgment and calculations where the ultimate tax determination may not be certain.

We are also subject to tax audits, including with respect to transfer pricing, in the United States and other jurisdictions and our tax positions may be challenged by tax authorities. There can be no assurance that our current tax provisions will be settled for the amounts accrued, that additional tax exposures will not be identified in the future or that additional tax reserves will not be necessary for any such exposures. Any increase in the amount of taxation incurred as a result of challenges to our tax filing positions could result in a material adverse effect on our business, results of operations and financial condition.

We have pursued and intend to continue to pursue strategic acquisitions or investments in new markets and may encounter risks associated with these activities, which could harm our business and operating results.

We have in the past pursued, and in the future expect to pursue, acquisitions of, or investments in, businesses, technologies and assets in new or existing markets, either within or outside the CX solutions industry, that complement or expand our existing business. Our acquisition strategy involves a number of risks, including:

- difficulty in successfully integrating acquired operations, IT and other systems, clients, services, businesses, and employees with our operations on a timely and cost-effective basis;
- risk that the acquired businesses will fail to maintain the quality of services that we have historically provided or that we expect from the acquired businesses;
- the announcement or consummation of a transaction may have an adverse impact on relationships with third parties, including existing and potential clients;
- loss of key employees of acquired operations or inability to attract, retain and motivate employees necessary for our expanded operations;

- acquired businesses located in regions where we have not historically conducted business may subject us to new operational risks, laws, regulations, employee expectations, customs, and practices;
- difficulty in scaling critical resources and facilities for the business needs of the expanded enterprise;
- diversion of our capital and management attention away from operational matters and other business issues;
- increase in our expenses and working capital requirements;
- in the case of acquisitions that we may make outside of the United States, difficulty operating internationally and over significant geographical distances;
- other financial risks, such as potential liabilities of the businesses we acquire; and
- our due diligence process may fail to identify significant issues with the acquired company's service quality, financial disclosures, accounting practices or internal control deficiencies.

We may incur additional costs and certain redundant expenses in connection with our acquisitions and investments, which may have an adverse impact on our operating margins. Future acquisitions may result in dilutive issuances of equity securities, the incurrence of additional debt, large write-offs, a decrease in future profitability, or future losses. The incurrence of debt in connection with any future acquisitions could restrict our ability to obtain working capital or other financing necessary to operate our business. Our recent and future acquisitions or investments may not be successful, and if we fail to realize the anticipated benefits of these acquisitions or investments, our business and operating results could be harmed.

Our goodwill and identifiable intangible assets could become impaired, which could have a material non-cash adverse effect on our results of operations.

We have recorded substantial goodwill and amortizable intangible assets as a result of our previous acquisitions. We review our goodwill and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. We assess whether there has been an impairment in the value of goodwill at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill or intangible assets may not be recoverable include declines in stock price, market capitalization or cash flows and slower growth rates in our industry. We could be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or intangible assets were determined, negatively impacting our results of operations.

The inability or unwillingness of clients that represent a large portion of our accounts receivable balance to timely pay such balances could adversely affect our business.

We often carry significant accounts receivable balances from a limited number of clients that generate a large portion of our revenues. For example, approximately 26% of our accounts receivable balance as of November 30, 2019 was attributable to five clients. A client may become unable or unwilling to timely pay its balance due to a general economic slowdown, economic weakness in its industry or the financial insolvency of its business. While we closely monitor our accounts receivable balances, a client's financial inability or unwillingness, for any reason, to pay a large accounts receivable balance or many clients' inability or unwillingness to pay accounts receivable balances that are large in the aggregate would adversely impact our income and cash flow.

Our business is subject to many regulatory requirements, and changes in current regulations or their interpretation and enforcement, or the adoption of new regulations, could significantly increase our cost of doing business.

Our business is subject to many laws and regulatory requirements in the United States and the other countries in which we operate, covering such matters as labor relations, healthcare, outsourcing, trade

restrictions, tariffs, taxation, sanctions, data privacy, consumer protection (including the method and timing of placing outbound telephone calls and the recording or monitoring of telephone calls), internal and disclosure control obligations, governmental affairs, and immigration. Many of these regulations, including those related to labor relations and data privacy, change frequently and sometimes conflict among the various jurisdictions and countries in which we provide services. Laws and regulatory requirements may also be subject to interpretation. If our interpretation conflicts with positions taken by regulatory agencies or other government bodies in the future, we may be subject to legal liability or be unable to conduct business in the same manner. Violations of any laws and regulations to which we are subject, including failing to adhere to or successfully implement processes in response to changing regulatory requirements, could result in liability for damages, fines, criminal prosecution, unfavorable publicity and damage to our reputation, and restrictions on our ability to operate, which could have a material adverse effect on our business, results of operations, and financial condition.

In particular, because a substantial portion of our operating costs consist of labor costs, changes in governmental regulations relating to wages, mandatory time off, severance, healthcare, and other benefits or employment taxes, or violations of such regulations, could have a material adverse effect on our business, results of operations, or financial condition. In addition, changes in policies or laws of the United States or non-U.S. governments resulting in, among other things, higher taxation, limitations on the ability of companies to utilize offshore outsourcing, currency conversion limitations, restrictions on fund transfers, or the expropriation of private enterprises, could reduce the anticipated benefits of our global operations. Any actions by countries in which we conduct business to reverse policies that encourage international trade or investment could also adversely affect our business.

Our reputation may be damaged by events outside of our control, which could adversely affect our results of operations.

As a provider of CX solutions, our reputation is important to growing our business with new and existing customers and attracting and retaining our employees. Our reputation can be affected by events outside of our control, including negative publicity associated with our clients' businesses or social media campaigns directed against us or our clients. Responding to such events can distract from our business and increase costs. If our reputation is damaged, we could experience increased difficulty in attracting and retaining clients and employees, which could adversely affect our business and results of operations.

Our results of operations could be adversely affected by litigation and other commitments and contingencies.

We face risks arising from various unasserted and asserted claims, including, but not limited to, commercial, employee, consumer protection, tax, and patent infringement claims. Certain claims may be structured as class action lawsuits or otherwise allege substantial damages. We may also be subject to claims related to, or arising out of, the spin-off. Unfavorable outcomes in pending or future litigation or the settlement of asserted claims could negatively affect us. Regardless of the outcome, litigation could result in substantial expense and could divert the efforts of our management.

We have developed proprietary IT systems, mobile applications, and cloud-based technology and acquired technologies that play an important role in our business, which we will continue to own following the separation. If any claim alleging infringement of intellectual property rights is successful against us and if indemnification is not available or sufficient, we may be required to pay substantial damages to the third party and indemnify our clients for losses arising out of the infringement. In order to continue delivery services to our clients, we may also need to seek and obtain a license of the other party's intellectual property rights. We may be unable to obtain such a license on commercially reasonable terms, if at all, which could disrupt our business and have a material adverse effect on our results of operations.

In addition, in the ordinary course of business, we may make certain commitments, including representations, warranties and indemnities relating to current and past operations and divested businesses, and

issue guarantees of third-party obligations. The amounts of such commitments can only be estimated, and the actual amounts for which we are responsible may differ materially from our estimates.

If we incur liability as a result of any current or future litigation, commitments or contingencies and such liability exceeds any amounts accrued, our business, results of operations and financial condition could be adversely affected.

Risks Relating to the Spin-Off

The spin-off may not achieve some or all of the anticipated benefits.

We may not realize some or all of the anticipated strategic, financial, operational, marketing or other benefits from the spin-off, or such benefits may be delayed by a variety of circumstances, which may not be under our control. As independent publicly traded companies, SYNnex and Concentrix will be smaller, less diversified companies with a narrower business focus and may be more vulnerable to changing market conditions, which could materially and adversely affect their respective business, financial condition and results of operations.

Our financial information may not be fully representative of our results as a stand-alone public company.

SYNNEX did not account for us, and we were not operated, as a stand-alone public company for the periods presented in our combined financial statements included in this information statement. Our combined financial statements have been carved out from SYNnex' consolidated financial statements and reflect assumptions and allocations made by SYNnex and prescribed by generally accepted accounting principles. Our combined financial statements do not fully represent what our financial position, results of operations and cash flow would have been had we operated as a stand-alone public company during the periods presented. We have not made adjustments to reflect the many significant changes that will occur in our capital structure, cost structure, funding, operations and effective tax rate as a result of our separation from SYNnex, including debt and interest expense we will have, increased costs associated with reduced economies of scale and other costs associated with being a stand-alone public company. As a result, the historical and pro forma information included in this information statement is not necessarily indicative of what our financial position, results of operations and cash flow may be following the spin-off. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Condensed Combined Financial Statements" and our combined financial statements and notes thereto included elsewhere in this information statement.

We have not previously operated as an independent public company.

We have not previously operated as an independent public company, and our management has no experience, as a group, in operating our business as a stand-alone entity. Following the spin-off, we will be fully responsible for arranging our own funding, managing all of our own administrative and employee arrangements and supervising all of our legal and financial affairs, including publicly reported financial statements. We will adopt separate stock-based and performance-based incentive plans for our employees and will develop our own compliance and administrative procedures necessary for a publicly held company.

Our working capital requirements and capital for general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of SYNnex. Following the spin-off, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships, or other arrangements, which may not be on terms as favorable as those obtained by SYNnex, and the cost of capital for our business may be higher than SYNnex' cost of capital prior to the spin-off.

We anticipate that our success in these endeavors will depend substantially upon the ability of our senior management and other key employees to work together. Accordingly, we cannot assure you that as an

independent company our aggregate results of operations will continue at the same level. Additionally, we depend on our senior management. The loss of services of members of our senior management team could adversely affect our business until suitable replacements can be found. There may be a limited number of persons with the requisite skills to serve in these positions and we may be unable to locate or employ qualified personnel on acceptable terms.

The requirements of being a stand-alone public company will increase certain of our costs and require significant management focus.

As a stand-alone public company, we will incur significant legal, accounting and other expenses associated with compliance-related and other activities. The Sarbanes-Oxley Act of 2002, related SEC rules and the stock exchange on which our common stock will be listed regulate corporate governance practices of public companies. Concentrix has not previously been a public company. Although members of our management team have prior experience managing public companies, management has not previously managed a public company together as a group. Our separation from SYNEX will also result in loss of access to SYNEX' resources and experience in this area. Compliance with these requirements will also result in other costs and obligations and make some activities more time-consuming. For example, in connection with the spin-off, we will create new committees of the board of directors and will adopt internal controls and disclosure controls and procedures. In addition, we will incur additional expenses associated with our SEC reporting requirements and other securities law compliance measures. Under Section 404 of the Sarbanes-Oxley Act, for our annual report on Form 10-K for the second fiscal year after the spin-off, we will need to document and test our internal control procedures and our management will need to assess and report on our internal control over financial reporting. Furthermore, if we identify any issues in complying with those requirements, we could incur additional costs rectifying those issues, and the existence of those issues could adversely affect us, our reputation or investor perceptions. Our prospects must be considered in light of the risks, difficulties and expenses encountered by newly public companies. Costs to obtain director and officer liability insurance will contribute to our increased costs. As a result of the associated liability, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. Advocacy efforts by stockholders and third parties may also prompt even more changes in governance and reporting requirements.

We expect to have approximately \$1.1 billion of indebtedness outstanding upon completion of the separation and distribution, and our indebtedness could adversely affect our financial condition.

We expect to incur approximately \$1.1 billion of indebtedness in connection with the separation, and we may increase our indebtedness in the future. See "Description of Material Indebtedness." The terms of our indebtedness may be less favorable than those secured by us prior to the separation, which could adversely impact our financial condition. We may also incur additional indebtedness in the future. Our level of indebtedness could have adverse consequences to us and our stockholders, including:

- requiring us to dedicate a substantial portion of our cash flow from operations to make principal and interest payments on our indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures and other general corporate requirements, and to grow our business;
- limiting our ability to borrow additional funds as needed, make strategic acquisitions or take advantage of other business opportunities as they arise, or pay cash dividends
- increasing future debt costs and limiting the future availability of debt financing;
- increasing our vulnerability to general adverse economic and industry conditions; and
- limiting our flexibility in planning for, or reacting to, changes in our business and industry.

To the extent that we incur additional indebtedness, the risks described above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not

be sufficient to service our outstanding debt or to repay our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt.

Our business relationships may be subject to disruption due to uncertainty associated with the spin-off.

Parties with which we do business may experience uncertainty associated with the spin-off, including with respect to current or future business relationships with us. Our business relationships may be subject to disruption as clients, vendors and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than us. Some of our client relationships may have been improved historically by the client's relationship with SYNEX, and these relationships may change as result of the spin-off. These disruptions and changes could have a material and adverse effect on the businesses, financial condition, results of operations or prospects of the combined business, including a material and adverse effect on our ability to realize the anticipated benefits of the spin-off.

The terms of agreements that we will enter into with SYNEX in connection with the spin-off will be established at a time when we are a wholly owned subsidiary of SYNEX and, accordingly, the terms of these agreements may not be as favorable to us as they might have been had they been negotiated by persons fully independent of SYNEX.

In connection with the spin-off, we will enter into various agreements with SYNEX regarding our relationship with SYNEX following the spin-off, including a separation and distribution agreement, employee matters agreement, tax matters agreement, and a commercial agreement. These agreements address important matters, such as allocation of assets, liabilities, rights, indemnifications, and other obligations between SYNEX and us, and our ongoing commercial relationship following the spin-off. While we believe these agreements will reflect market terms and are based on market pricing, the terms of these agreements are being negotiated while we are a wholly owned subsidiary of SYNEX. Therefore, these agreements may not be as favorable to us as they might have been had they been negotiated by persons with no relationship to SYNEX.

If the spin-off is determined to be taxable for U.S. federal income tax purposes, we, our stockholders, and SYNEX could incur significant U.S. federal income tax liabilities.

If the spin-off fails to qualify for tax-free treatment, SYNEX would be subject to tax as if it had sold our common stock in a taxable sale for its fair market value, and our initial public stockholders would be subject to tax as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them. Under the tax matters agreement between SYNEX and us, we will generally be required to indemnify SYNEX for any taxes resulting from the separation (and related costs and other damages) to the extent such amounts resulted from (1) an acquisition of all or a portion of our equity securities or assets by any means, (2) any action or failure to act by us after the distribution affecting the voting rights of our stock, (3) other actions or failures to act by us, or (4) certain breaches of our agreements and representations in the tax matters agreement. For a more detailed discussion, see the section entitled "Certain Relationships and Related Party Transactions—Tax Matters Agreement." Our indemnification obligations to SYNEX and its subsidiaries, officers, and directors are not limited by any maximum amount. If we are required to indemnify SYNEX or such other persons under the circumstances set forth in the tax matters agreement, we may be subject to substantial liabilities.

We must abide by certain restrictions to preserve the tax-free treatment of the spin-off and may not be able to engage in desirable acquisitions and other strategic or capital-raising transactions following the spin-off.

To preserve the tax-free treatment of the spin-off to SYNnex and its stockholders, under a tax matters agreement that we will enter into with SYNnex, for the two-year period following the distribution, we may be prohibited, except in specified circumstances, from:

- issuing equity securities to satisfy financing needs;
- acquiring businesses or assets with equity securities; or
- engaging in mergers or asset transfers that could jeopardize the tax-free status of the distribution.

These restrictions may limit our ability to pursue strategic transactions or engage in new business or other transactions that may maximize the value of our business. For more information, see the sections entitled “Material U.S. Federal Income Tax Consequences of the Distribution.”

We are subject to potential indemnification liabilities to SYNnex pursuant to the separation and distribution agreement.

The separation and distribution agreement with SYNnex provides for, among other things, the principal corporate transactions required to effect the spin-off, certain conditions to the spin-off, and provisions governing our relationship with SYNnex with respect to and following the spin-off. Among other things, the separation and distribution agreement provides for indemnification obligations designed to make us financially responsible for substantially all liabilities that may exist relating to our business activities, whether incurred prior to or after the separation and distribution, as well as those obligations of SYNnex that we will assume pursuant to the separation and distribution agreement. If we are required to indemnify SYNnex under the circumstances set forth in this agreement, we may be subject to substantial liabilities. For a description of this agreement, see the section entitled “Certain Relationships and Related Party Transactions—Separation and Distribution Agreement.”

No vote of the SYNnex stockholders is required in connection with the spin-off and therefore SYNnex stockholders have limited recourse.

No vote of the SYNnex stockholders is required in connection with the spin-off. Accordingly, if this transaction occurs and you do not want to receive our common stock in the distribution, your only recourse will be to divest yourself of your SYNnex common stock prior to the record date for the distribution.

The SYNnex board of directors has reserved the right, in its sole discretion, to amend, modify or abandon the spin-off and the related transactions at any time prior to the distribution date; in addition, the conditions to the spin-off may not be met.

The SYNnex board of directors has reserved the right, in its sole discretion, to amend, modify or abandon the spin-off and the related transactions at any time prior to the distribution date. This means that SYNnex may cancel or delay the planned separation and distribution of our common stock if at any time the board of directors of SYNnex determines that it is not in the best interests of SYNnex and its stockholders. If the SYNnex board of directors makes a decision to cancel the spin-off, stockholders of SYNnex will not receive any distribution of our common stock and SYNnex will be under no obligation whatsoever to its stockholders to distribute such common stock. In addition, the separation and distribution and related transactions are subject to the satisfaction or waiver by SYNnex’ board of directors in its sole discretion of a number of conditions. We cannot assure you that any or all of these conditions will be met.

In connection with our separation from SYNnex, SYNnex will indemnify us for certain pre-distribution liabilities and liabilities related to SYNnex assets; however, these indemnities may be insufficient to protect us against the full amount of such liabilities.

Pursuant to the separation and distribution agreement, SYNnex will agree to indemnify us for certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities that SYNnex agrees to retain, and there can be no assurance that SYNnex will be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from SYNnex any amounts for which we are held liable, such indemnification may be insufficient to fully offset the financial impact of such liabilities and/or we may be required to bear these losses while seeking recovery from SYNnex.

Following the spin-off, we will be a smaller company and may experience increased costs resulting from a decrease in purchasing power or from increased efforts to build and maintain relationships.

Prior to the spin-off, we have benefitted from the size and purchasing power of SYNnex in sourcing certain products and services from third-parties, as well as from SYNnex' reputation as a Fortune 500 company with close to 40 years of operating experience. Following the spin-off, we will be a smaller company and are unlikely to have the same purchasing power that we had as part of SYNnex. We may be unable to obtain products and services at prices and on terms as favorable as those available to us prior to the separation or may need to expend greater time and effort to build and maintain relationships with third parties, which could increase our costs and reduce our profitability.

Risks Related to Ownership of Concentrix Common Stock

There has been no prior market for our common stock, and we cannot guarantee that our stock price will not decline after the spin-off.

There has been no prior trading market for our common stock, and we cannot predict the price at which our common stock will trade after the spin-off date. The price at which our common stock trades is likely to fluctuate significantly, particularly until an orderly market develops. Prices for our common stock will be determined in the trading markets and may be influenced by many factors, including:

- our financial results;
- developments generally affecting the CX solutions industry;
- the performance of our business and the performance of similar companies;
- our capital structure, including the amount of our indebtedness;
- the announcement of acquisitions or dispositions;
- additions or departures of key personnel;
- changes in market valuations of similar companies;
- general economic, industry and market conditions;
- the depth and liquidity of the market for our common stock;
- fluctuations in currency exchange rates;
- our dividend policy;
- investor perception of our business and us;
- the passage of legislation or other regulatory developments that adversely affect us or our industry;
- the volume of sales of Concentrix common stock by current SYNnex stockholders following the spin-off; and
- the impact of the factors referred to elsewhere in "Risk Factors."

In addition, the stock market regularly experiences significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our share price.

A trading market may not develop for shares of our common stock, which could adversely affect the market price of those shares.

There is currently no trading market for shares of our common stock. We have applied to have our shares of common stock listed on the Nasdaq Global Select Market under the symbol "CNXC." However, there can be no assurance that a trading market for our shares will develop or be sustained after the completion of the spin-off.

Substantial sales of our common stock may occur in connection with the distribution, which could cause our stock price to decline.

The shares of our common stock that SYNEX intends to distribute to its stockholders generally may be sold immediately in the public market. Upon completion of the distribution, we expect that we will have an aggregate of approximately 51.7 million shares of common stock issued and outstanding, which estimate is based on the number of outstanding shares of SYNEX common stock as of October 28, 2020. These shares will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"), unless the shares are owned by one of our "affiliates," as that term is defined in Rule 405 under the Securities Act.

Although we have no actual knowledge of any plan or intention on the part of any 5% or greater stockholder to sell our shares following the distribution, it is possible that some SYNEX stockholders, including possibly some of our large stockholders, will sell our common stock that they receive in the distribution. For example, SYNEX stockholders may sell our common stock because our business profile or market capitalization as an independent company does not fit their investment objectives or because our common stock is not included in certain indices after the distribution. The sales of significant amounts of our common stock, or the perception in the market that this will occur, may result in the lowering of the market price of our shares.

We cannot guarantee the payment of dividends on our common stock, or the timing or amount of any such dividends.

The payment of any dividends in the future, and the timing and amount thereof, to our stockholders will fall within the discretion of our board of directors. Our board of directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints, and other factors that our board of directors deems relevant. For more information, see "Dividend Policy." Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividends if and when we commence paying dividends.

Your percentage ownership in Concentrix may be diluted in the future.

In the future, your percentage ownership in Concentrix may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that we will be granting to our directors, officers and employees and purchases of shares from Concentrix through our employee stock purchase plan. We anticipate that the compensation committee of our board of directors will grant stock-based awards to our employees and directors after the distribution, from time to time, under our employee benefits plans. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock.

Certain provisions of our certificate of incorporation and bylaws and of Delaware law will make it difficult for stockholders to change the composition of our board of directors and may discourage hostile takeover attempts that some of our stockholders may consider to be beneficial.

Certain provisions of our certificate of incorporation and bylaws and of Delaware law may have the effect of delaying or preventing changes in control if our board of directors determines that such changes in control are not in the best interests of us and our stockholders. These provisions may include, among other things, the following:

- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms, including preferences and voting rights, of those shares without stockholder approval;
- stockholder action can only be taken at a special or regular meeting and not by written consent;
- the inability of our stockholders to call a special meeting;
- advance notice procedures for nominating candidates to our board of directors or presenting matters at stockholder meetings;
- allowing only our board of directors to fill vacancies on our board of directors;
- supermajority voting requirements to amend our bylaws and certain provisions of our certificate of incorporation; and
- restrictions on an “interested stockholder” to engage in certain business combinations with us for a three-year period following the date the interested stockholder became such.

While these provisions have the effect of encouraging persons seeking to acquire control of our company to negotiate with our board of directors, they could enable the board of directors to hinder or frustrate a transaction that some, or a majority, of the stockholders might believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors. We are also subject to Delaware laws that could have similar effects. One of these laws prohibits us from engaging in a business combination with a significant stockholder unless specific conditions are met. For more information, see “Description of Our Capital Stock”.

Our bylaws designate the Court of Chancery of the State of Delaware and U.S. federal district courts as the exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which would limit our stockholders’ ability to choose the judicial forum for disputes with us or our directors, officers or other employees.

Our bylaws provide that, with certain limited exceptions, any action or proceeding:

- brought in a derivative manner in the name or right of the company or on our behalf;
- asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders;
- asserting a claim against us arising pursuant to any provision of the General Corporation Law of the State of Delaware or any provision of our certificate of incorporation or bylaws; or
- asserting a claim governed by the internal affairs doctrine,

will be exclusively brought in the Court of Chancery of the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the U.S. federal district court for the District of Delaware). Furthermore, any complaint asserting a cause of action under the Securities Act against us or any of our directors, officers, employees or agents will be exclusively brought in U.S. federal district court. Any person or entity purchasing or otherwise acquiring any interest in shares of Concentrix common stock is deemed to have notice of and consented to the exclusive forum provisions.

To the fullest extent permitted by law, the Delaware exclusive forum provision will apply to state and federal law claims other than those claims under the Securities Act for which our bylaws designate U.S. federal

district court as the exclusive forum. However, stockholders will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation or similar governing documents has been challenged in legal proceedings, and it is possible that a court could find the choice of forum provisions contained in our bylaws to be inapplicable or unenforceable, including with respect to claims arising under the U.S. federal securities laws.

This exclusive forum provision may limit the ability of a stockholder to commence litigation in a forum that the stockholder prefers, or may require a stockholder to incur additional costs in order to commence litigation in Delaware or U.S. federal district court, each of which may discourage such lawsuits against us or our directors or officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition.

The concentration of ownership of our common stock among our executive officers, directors, and principal stockholders could allow them to influence matters requiring stockholder approval and could delay or prevent a change in control.

Based on our estimate as of October 28, 2020 of 51.7 million shares of our common stock outstanding immediately upon completion of the spin-off, using the distribution ratio of one share of our common stock for each share of SYNEX common stock, our executive officers, directors and principal stockholders are expected to own approximately 20% of our outstanding common stock immediately upon completion of the spin-off. In particular, MITAC Holdings Corporation ("MITAC Holdings") and its affiliates are expected to own approximately 18% of our common stock. MITAC Holdings is a publicly-traded company on the Taiwan Stock Exchange. As a result, these stockholders have the potential ability to influence or control matters requiring stockholder approval, including the election of directors and the approval of mergers and acquisitions, or exert influence on actions of our board of directors. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

FORWARD-LOOKING STATEMENTS

This information statement contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are contained principally in the sections entitled “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business.” These statements involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performances, or achievements expressed or implied by the forward-looking statements. Forward-looking statements are statements that relate to future periods and include, but are not limited to, statements about:

- our revenue, gross margins, operating costs, and results;
- market growth and market and industry trends;
- competition and pricing pressures, and the demand for customer experience outsourcing services;
- our strategy and competitive strengths, our business model, our investment expectations and the services we offer;
- concentration of client revenue and the performance of our clients’ products and services;
- our international operations and foreign currency exchange rates;
- the COVID-19 pandemic and its impact on our business;
- adequacy of our internal controls, disclosure controls and procedures and information technology security practices;
- our employee hiring, retention and turnover, and succession planning for key personnel;
- global health and economic, political, and social conditions;
- tax deductions and our effective tax rates;
- our strategic acquisitions and divestitures of businesses and assets;
- our goodwill;
- changes in laws or regulations affecting our business;
- our belief regarding the impact of current or future litigation, commitments and contingencies;
- the impact of our accounting policies and recently issued accounting pronouncements;
- our future needs for additional financing, the likely sources for such funding and the impact of such funding;
- market risks;
- adequacy of our capital resources to meet our capital and investment needs;
- the terms, conditions and impact of the spin-off;
- the terms of our agreements with SYNEX;
- general economic conditions in the United States and internationally;
- fluctuations in the market for, and the concentration of ownership of, our equity;
- our corporate governance plans; and
- the elements of our director and executive compensation program.

In some cases, you can identify forward-looking statements by terms such as “may,” “might,” “will,” “objective,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “estimate,” “predict,” “potential,” “project,” “plan,” or the negative of these terms, and similar expressions intended to identify forward-looking

statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We discuss many of these risks in this information statement in greater detail under the heading "Risk Factors." Also, these forward-looking statements represent our estimates and assumptions only as of the date of this information statement. Unless required by U.S. federal securities laws, we do not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made.

You should read this information statement and our registration statement on Form 10 and the documents that we reference therein and have filed as exhibits to the registration statement, of which this information statement is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

THE SPIN-OFF

Background

On January 9, 2020, SYNnex announced its intent to separate its Concentrix business into an independent, publicly-traded company. To accomplish this separation, SYNnex intends to distribute the common stock of Concentrix Corporation to its stockholders on a pro rata basis. References to “we,” “our,” “us,” “the Company” or “Concentrix” refer to Concentrix Corporation and its consolidated subsidiaries after giving effect to the separation and distribution.

On [●], the distribution date, each SYNnex stockholder will receive one share of Concentrix common stock for each share of SYNnex common stock held at the close of business on the record date for the distribution, as described below. No SYNnex stockholder will be required to make any payment, surrender or exchange your shares of SYNnex common stock or take any other action to receive your shares of Concentrix common stock in the distribution. The distribution of our common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see “—Spin-off Conditions.”

Reasons for the Spin-off

The SYNnex board of directors believes that separating the Concentrix business from the remainder of SYNnex is in the best interests of SYNnex and its stockholders for a number of reasons, including the following:

- *Dedicated Management Teams with Enhanced Strategic Focus.* The spin-off will allow each company to focus on and more effectively pursue its own distinct operating priorities and strategies and will enable the management of each company to focus on the unique needs and distinct markets of its business. As a distributor of information technology systems and products and provider of systems design and integration solutions, SYNnex can focus on margin expansion and working capital efficiencies in its core business, pursuing organic growth with product offering expansion, and identifying and pursuing strategic opportunities. As a provider of technology-infused CX solutions, Concentrix can focus on expanding and deepening relationships with its existing clients, investing in technology and innovating solutions for its clients, and further expanding into adjacent markets beyond CRM BPO.
- *More Efficient Organizational Structure.* The spin-off will create two companies, each with a simplified and more efficient organizational structure that will facilitate decision making fully aligned with the unique needs of its business.
- *Focused Capital Allocation.* The spin-off will allow each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in the manner most appropriate for its distinct strategy and business needs.
- *Direct Access to Capital Markets and Ability to Pursue Strategic Opportunities.* The spin-off will create an independent equity structure that will provide SYNnex and Concentrix direct access to capital markets and facilitate the ability of each company to utilize its common stock for future acquisitions.
- *Improved Management Incentive Tools.* The spin-off will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company’s business, improving the alignment of management and employee incentives with performance and growth objectives.
- *Unique Investment Profile.* The spin-off will allow investors to separately value SYNnex and Concentrix based on their unique investment profiles and will provide investors with two distinct and targeted investment opportunities.

Neither Concentrix nor SYNnex can assure you that, following the spin-off, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

The SYNnex board of directors also considered a number of potentially negative factors in evaluating the spin-off, including the following:

- as part of SYNnex, the Concentrix business has historically benefitted from SYNnex' larger size and purchasing power in procuring certain goods and services and some of the Concentrix client relationships may have been improved by the client's relationship with SYNnex;
- we will incur costs as a stand-alone public company, which include an independent board of directors, stock exchange listing fees, audit, accounting, tax, legal, and other professional services costs;
- the actions required to separate SYNnex and Concentrix could disrupt our operations;
- certain costs and liabilities that were otherwise less significant to SYNnex as a whole will be more significant for Concentrix as a stand-alone company;
- we may not achieve the anticipated benefits of the spin-off for a variety of reasons, including, among others: (i) the spin-off will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business; (ii) following the spin-off, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of SYNnex; and (iii) following the spin-off, our business will be less diversified than SYNnex' business prior to the spin-off; and
- to preserve the tax-free treatment of the separation and the distribution to SYNnex for U.S. federal income tax purposes, under the tax matters agreement that Concentrix will enter into with SYNnex, Concentrix will be restricted from taking actions that may cause the separation and distribution to be taxable to SYNnex for U.S. federal income tax purposes. These restrictions may limit our ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of our business for a period of time.

The SYNnex board of directors concluded that the potential benefits of the spin-off outweighed these factors.

Manner of Effecting the Spin-off

The general terms and conditions relating to the spin-off are set forth in the separation and distribution agreement between SYNnex and Concentrix. For a description of that agreement see, "Certain Relationships and Related Party Transactions—Separation and Distribution Agreement."

On the distribution date, SYNnex will effect the spin-off by delivering all of the outstanding shares of our common stock to Computershare Trust Company, N.A., as distribution agent, for distribution to the holders of record of SYNnex common stock at the close of business on the record date. The distribution will be made in book-entry form on the basis of one share of our common stock for each share of SYNnex common stock held on the record date of [●].

A book-entry account statement reflecting your ownership of shares of our common stock will be mailed to you, or your brokerage account will be credited for the shares, on or about [●]. If you hold physical share certificates that represent your SYNnex common shares and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Concentrix common stock that have been registered in book-entry form in your name.

Capital Structure

In connection with the spin-off, Concentrix expects to incur new third-party borrowings of approximately \$1.1 billion. Substantially all of the proceeds from such indebtedness will be transferred to SYNnex on or prior

to the distribution to eliminate debt owed by Concentrix to SYNnex and in exchange for the contribution of certain Concentrix trademarks from SYNnex to Concentrix. The incurrence of indebtedness by Concentrix and the transfer of the proceeds to SYNnex will redistribute the amount of net debt owed by Concentrix and SYNnex to third-party lenders upon the distribution. We currently expect to incur this indebtedness through \$900 million of term loan borrowings under our new senior secured credit facility and our new \$350 million accounts receivable securitization facility, under which we expect to have approximately \$200 million of borrowings outstanding upon the spin-off. In addition, our new credit facility includes a \$600 million revolving credit facility, which we expect to be undrawn immediately following the distribution. For more information on our anticipated capital structure and the indebtedness we expect to incur in connection with the spin-off, see “Unaudited Pro Forma Condensed Combined Financial Statements” and “Description of Material Indebtedness.”

Results of the Spin-off

After the spin-off, Concentrix will be an independent public company owning and operating our CX solutions business. Immediately after the spin-off, we expect to have approximately 5,000 holders of shares of our common stock and approximately 51.7 million shares of our common stock issued and outstanding based on the spin-off ratio described above and the anticipated number of beneficial stockholders and outstanding SYNnex shares on [●], the record date. The actual number of shares to be distributed will be determined based on the number of SYNnex shares outstanding on the record date.

The spin-off will not affect the number of outstanding SYNnex shares or any rights of SYNnex stockholders, although it will affect the market value of the outstanding SYNnex common shares.

Market for Concentrix Common Stock

There is no existing market for our common stock. We have filed an application for listing on the Nasdaq Global Select Market under the symbol “CNXC.” We also expect that a “when-issued” trading market for our common stock will begin on or around the record date. The term “when-issued” means that shares can be traded prior to the time shares are actually available or issued. On the first trading day following the spin-off date, “when-issued” trading in our common stock will end and “regular-way” will begin. “Regular-way” trading refers to trading after a security has been issued and typically involves a transaction that settles on the second full business day following the date of a trade.

We cannot predict the trading prices for our common stock before or after the spin-off date. The trading price of our common stock is likely to fluctuate significantly, particularly until an orderly market develops. Prices for our common stock will be determined in the trading markets and may be influenced by many factors, including:

- our financial results;
- developments generally affecting the CX solutions industry;
- the performance of our business and the performance of similar companies;
- our capital structure, including the amount of our indebtedness;
- the announcement of acquisitions or dispositions;
- additions or departures of key personnel;
- changes in market valuations of similar companies;
- general economic, industry and market conditions;
- the depth and liquidity of the market for our common stock;
- our dividend policy;

- investor perceptions of our business and us;
- fluctuations in currency exchange rates;
- the passage of legislation or other regulatory developments that adversely affect us or our industry; and
- the impact of the factors referred to in “Risk Factors.”

We have appointed Computershare Trust Company, N.A. to serve as transfer agent and registrar for our common stock.

Transferability of Shares You Receive

Shares of Concentrix common stock distributed to holders in connection with the distribution will be transferable without registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), except for shares received by persons who may be deemed to be Concentrix affiliates. Persons who may be deemed to be Concentrix affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with Concentrix, which may include certain Concentrix executive officers, directors or principal stockholders. Securities held by Concentrix affiliates will be subject to resale restrictions under the Securities Act. Concentrix affiliates will be permitted to sell shares of Concentrix common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Spin-off Conditions

We expect that the spin-off will be effective on the spin-off date, [●], provided that, among other things:

- the SEC has declared effective our registration statement on Form 10, of which this information statement is a part, under the Securities Exchange Act of 1934, as amended, no stop order suspending the effectiveness of our registration statement is in effect, no proceedings for such purpose have been instituted or threatened by the SEC, and this information statement has been made available to SYNEX stockholders;
- SYNEX has received an opinion from Ernst & Young LLP regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax free for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code;
- the transfer of assets and liabilities between SYNEX and Concentrix shall be completed in accordance with the separation and distribution agreement;
- an independent appraisal firm shall have delivered one (1) or more opinions to the SYNEX board of directors confirming the solvency and financial viability of SYNEX before the consummation of the distribution and each of SYNEX and Concentrix after the consummation of the distribution, and such opinions shall be acceptable to SYNEX in form and substance in SYNEX’ sole discretion, and such opinions shall not have been withdrawn, rescinded, or modified in any respect;
- the actions and filings necessary under applicable U.S. federal, U.S. state or other securities or blue sky laws have been taken or made and, where applicable, have become effective or been accepted;
- any approvals or notifications of any governmental authorities required to complete the separation and distribution have been obtained;
- SYNEX and Concentrix have entered into the separation and distribution agreement, the employee matters agreement and the tax matters agreement;
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions is in effect;

- the shares of Concentrix common stock to be distributed to SYNnex stockholders in the distribution have been accepted for listing on the Nasdaq Global Select Market, subject to official notice of distribution; and
- no other events or developments exist or have occurred that, in the judgment of SYNnex' board of directors, in its sole discretion, make it inadvisable to effect the separation, the distribution or the other related transactions.

The fulfillment of the foregoing conditions will not create any obligation on SYNnex' part to effect the spin-off, and the SYNnex board of directors has reserved the right to amend, modify or abandon the spin-off and the related transactions at any time prior to the spin-off date. SYNnex may, in its sole discretion, also waive any of these conditions. SYNnex does not intend to notify its stockholders of any modifications to the terms of the separation that, in the judgment of its board of directors, are not material. For example, the SYNnex board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be contributed, or the liabilities to be assumed in the separation. To the extent that the SYNnex board of directors determines that any modifications by SYNnex materially change the material terms of the distribution, SYNnex will notify SYNnex stockholders informing them about such modifications as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to stockholders of SYNnex who will receive shares of our common stock in the spin-off. It is not to be construed as an inducement or encouragement to buy or sell any of our securities. We believe that the information contained in this information statement is accurate as of the date set forth on its cover. Changes may occur after that date, and unless required by U.S. securities law, we will not update the information except in the normal course of our public disclosure obligations and practices.

Accounting Treatment

The spin-off will be accounted for by SYNnex on a historical cost basis, and no gain or loss will be recorded.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION

The following is a summary of the material U.S. federal income tax consequences to SYNEX and SYNEX stockholders in connection with the distribution. This summary is based on the Code, the Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this information statement and all of which are subject to differing interpretations and may change at any time, possibly with retroactive effect. Any such change could affect the tax consequences described below. This summary is for general information purposes only and is not tax advice. This summary assumes that the separation will be consummated in accordance with the separation agreement and as described in this information statement.

Except as specifically described below, this summary is limited to SYNEX stockholders that are "U.S. Holders," as defined immediately below. For purposes of this summary, a U.S. Holder is a beneficial owner of SYNEX common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the U.S.;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the U.S. or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the U.S. is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all its substantial decisions, or (2) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable Treasury Regulations.

This summary also does not discuss all tax considerations that may be relevant to SYNEX stockholders in light of their particular circumstances, nor does it address the consequences to SYNEX stockholders subject to special treatment under the U.S. federal income tax laws, such as:

- dealers or traders in securities or currencies;
- tax-exempt entities;
- cooperatives;
- banks, trusts, financial institutions, or insurance companies;
- persons who acquired shares of SYNEX common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- stockholders who own, or are deemed to own, at least 10 percent or more, by voting power or value, of SYNEX' equity;
- holders owning SYNEX common stock as part of a position in a straddle or as part of a hedging, conversion, constructive sale, synthetic security, integrated investment, or other risk reduction transaction for U.S. federal income tax purposes;
- certain former citizens or former long-term residents of the U.S.;
- holders who are subject to the alternative minimum tax; or
- persons that own SYNEX common stock through partnerships or other pass-through entities.

This summary does not address the U.S. federal income tax consequences to stockholders who do not hold shares of SYNEX common stock as a capital asset. Moreover, this summary does not address any state, local, or foreign tax consequences or any estate, gift or other non-income tax consequences.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds shares of SYNnex common stock, the tax treatment of a partner in that partnership generally will depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to the tax consequences of the distribution.

YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC U.S. FEDERAL, STATE AND LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE DISTRIBUTION IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED IN THIS INFORMATION STATEMENT.

Treatment of the Distribution

It is a condition to the distribution that SYNnex receives the Tax Opinion (as defined below), in form and substance acceptable to SYNnex, substantially to the effect, among other things, that the distribution, together with certain related transactions, will qualify as a tax-free transaction under Sections 368(a)(1)(D) and 355 of the Code.

Assuming the distribution qualifies as tax-free under Sections 368(a)(1)(D) and 355 of the Code, for U.S. federal income tax purposes:

- no gain or loss will be recognized by SYNnex as a result of the distribution;
- no gain or loss will be recognized by, or be includible in the income of, a SYNnex stockholder solely as a result of the receipt of Concentrix common stock in the distribution;
- the aggregate tax basis of the shares of SYNnex common stock and shares of Concentrix common stock in the hands of each SYNnex stockholder immediately after the distribution will be the same as the aggregate tax basis of the shares of SYNnex common stock held by such holder immediately before the distribution, allocated between the shares of SYNnex common stock and shares of Concentrix common stock in proportion to their relative fair market values immediately following the distribution; and
- the holding period with respect to shares of Concentrix common stock received by SYNnex stockholders will include the holding period of their shares of SYNnex common stock.

SYNnex stockholders that have acquired different blocks of SYNnex common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, our shares distributed with respect to blocks of SYNnex common stock.

Ernst & Young LLP will provide a tax opinion ("Tax Opinion") to SYNnex which will be based on, among other things, certain assumptions as well as on the accuracy of certain factual representations and statements that we and SYNnex make. In rendering the Tax Opinion, Ernst & Young LLP also will rely on certain covenants that we and SYNnex enter into, including the adherence by SYNnex and us to certain restrictions on their and our future actions. If any of the facts, representations, assumptions, or undertakings described or made in connection with the Tax Opinion are not correct, are incomplete or have been violated, Ernst & Young LLP may not be able to provide the Tax Opinion, the ability to rely on the Tax Opinion could be jeopardized, or the tax consequences of the distribution could differ from those described above. We are not aware of any facts or circumstances, however, that would cause these facts, representations, or assumptions to be untrue or incomplete, or that would cause any of these undertakings to fail to be complied with, in any material respect. In addition, Ernst & Young LLP's ability to provide the Tax Opinion will depend on the absence of changes in existing facts or law between the dates of this information statement and the closing date of the distribution.

We cannot assure you that the IRS will agree with the conclusions expected to be set forth in the Tax Opinion, and it is possible that the IRS or another tax authority could adopt a position contrary to one or all those conclusions and that a court could sustain that contrary position. You should note that SYNNEC does not intend to seek a ruling from the IRS as to the U.S. federal income tax treatment of the distribution or related transactions. The Tax Opinion is not binding on the IRS or a court, and there can be no assurance that the IRS will not challenge the validity of the distribution and related transactions as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code or that any such challenge ultimately will not prevail.

If, notwithstanding the conclusions that we expect to be included in the Tax Opinion, it is ultimately determined that the distribution does not qualify as tax-free under Section 355 of the Code for U.S. federal income tax purposes, then generally SYNNEC would recognize corporate level taxable gain on the distribution in an amount equal to the excess, if any, of the fair market value of Concentrix common stock distributed to SYNNEC stockholders on the distribution date over SYNNEC's tax basis in such stock. Alternatively, in the event that SYNNEC and we jointly make an election under Section 336(e) of the Code with respect to the distribution, in general, (i) the SYNNEC group would recognize taxable gain as if we had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of Concentrix common stock and the assumption of all of our liabilities and (ii) we would obtain a related step-up in the basis of its assets.

In addition, if the distribution is ultimately determined not to qualify as tax-free under Section 355 of the Code for U.S. federal income tax purposes, each SYNNEC stockholder that receives shares of Concentrix common stock in the distribution would be treated as receiving a distribution in an amount equal to the fair market value of Concentrix common stock that was distributed to the stockholder, which generally would be taxed as a dividend to the extent of the stockholder's pro rata share of SYNNEC's current and accumulated earnings and profits, including SYNNEC's taxable gain, if any, on the distribution, then treated as a non-taxable return of capital to the extent of the stockholder's basis in SYNNEC stock and thereafter treated as capital gain from the sale or exchange of SYNNEC stock. In that case, a SYNNEC stockholder's basis in the distributed Concentrix common stock would equal that stock's fair market value when distributed and a SYNNEC stockholder's holding period for the distributed Concentrix common stock would begin the day following the distribution.

Even if the distribution otherwise qualifies for tax-free treatment under Section 355 of the Code, the distribution may result in corporate level taxable gain to SYNNEC under Section 355(e) of the Code if either we or SYNNEC undergoes a 50 percent or greater ownership change as part of a plan or series of related transactions that includes the distribution, potentially including transactions occurring after the distribution. The process for determining whether one or more acquisitions or issuances triggering this provision has occurred, the extent to which any such acquisitions or issuances results in a change of ownership and the cumulative effect of any such acquisitions or issuances together with any prior acquisitions or issuances is complex, inherently factual and subject to interpretation of the facts and circumstances of a particular case. If an acquisition or issuance of stock triggers the application of Section 355(e) of the Code, SYNNEC would recognize taxable gain as described above, but the distribution would be tax-free to each SYNNEC stockholder. In certain cases, Concentrix may be required to indemnify SYNNEC for all or part of the tax liability resulting from the application of Section 355(e). For further details regarding our potential indemnity obligation, see the section entitled "Certain Relationships and Related Party Transactions—Tax Matters Agreement."

U.S. Treasury Regulations require certain stockholders that receive stock in a distribution to attach a detailed statement setting forth certain information relating to the distribution to their respective U.S. federal income tax returns for the year in which the distribution occurs. We urge you to consult your tax advisor to determine whether you are required to file such statement. SYNNEC will provide stockholders who receive Concentrix common stock in the distribution with the information necessary to comply with such requirement. In addition, all stockholders are required to retain permanent records relating to the amount, basis, and fair market value of Concentrix common stock received in the distribution and to make those records available to the IRS upon request of the IRS.

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. THE FOREGOING DISCUSSION DOES NOT PURPORT TO ADDRESS ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION OR TAX CONSEQUENCES THAT MAY ARISE UNDER THE TAX LAWS OF OTHER JURISDICTIONS OR THAT MAY APPLY TO PARTICULAR CATEGORIES OF STOCKHOLDERS. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS, AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED ABOVE.

DIVIDEND POLICY

On March 24, 2020, as a result of the unpredictable economic environment due to the impact of the COVID-19 pandemic, SYNEX announced the suspension of its quarterly dividend. On June 25, 2020, SYNEX announced that consideration to reinstate the dividend will be assessed after a few more quarters of consistent performance and market stability.

The payment of any dividends by Concentrix following the separation, and the timing and amount thereof, is within the discretion of our board of directors. Our board of directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints and other factors that our board of directors deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividends if and when we commence paying dividends.

CAPITALIZATION

The following table shows Concentrix' capitalization as of August 31, 2020 on both a historical basis and an unaudited pro forma basis giving effect to our anticipated post-spin-off capital structure. This table should be read together with our "Selected Historical Combined Financial Data," "Unaudited Pro Forma Combined Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our historical and unaudited combined financial statements and the notes to those statements included elsewhere in this information statement. For an explanation of the pro forma adjustments made to our historical financial statements, see "Unaudited Pro Forma Combined Financial Statements."

The pro forma capitalization is not necessarily indicative of our capitalization had the spin-off and our anticipated post-spin-off capital structure been completed on the date assumed. The pro forma capitalization below may not reflect the capitalization or financial condition that would have resulted had we been operating as an independent, publicly-traded company at that date and is not necessarily indicative of our future capitalization or financial condition.

(\$ in thousands, except par value)	As of August 31, 2020	
	Actual	Pro Forma
Cash and cash equivalents	\$ 93,341	\$ 85,341
Capitalization		
Debt:		
Loan receivable from Parent ⁽¹⁾	(73,425)	—
Loans payable to Parent ⁽¹⁾	1,721,207	—
New indebtedness ⁽²⁾	—	1,092,000
Total indebtedness	1,647,782	1,092,000
Equity:		
Parent company investment	1,638,529	—
Common stock, par value \$0.0001	—	5
Additional paid-in capital	—	2,247,024
Accumulated other comprehensive income (loss)	(10,562)	(10,562)
Total equity	1,627,967	2,236,467
Total capitalization	\$ 3,275,749	\$ 3,328,467

(1) Represents the amount of loan receivable and loan payable from and to SYNEX, which are expected to be settled in connection with the spin-off and capitalization.

(2) Pro forma new indebtedness represents approximately \$1.1 billion of new borrowings less approximately \$8 million of debt issuance costs. The debt issuance costs will be funded by Concentrix, capitalized as a reduction of long-term debt and amortized over the weighted-average term of the borrowings.

SELECTED HISTORICAL COMBINED FINANCIAL DATA

The following selected combined financial data are qualified by reference to, and should be read together with, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this information statement and the combined financial statements and accompanying notes included elsewhere in this information statement. The selected combined statements of operations and other data presented below for the nine-month periods ended August 31, 2020 and 2019 and the combined balance sheet data as of August 31, 2020 have been derived from our unaudited combined financial statements included elsewhere in this information statement. The selected combined statements of operations and other data presented below for fiscal years 2019, 2018 and 2017 and the combined balance sheet data as of November 30, 2019 and 2018 have been derived from our audited combined financial statements included elsewhere in this information statement. The combined statements of operations and other data for fiscal years 2016 and 2015 and the combined balance sheet data as of November 30, 2017, 2016 and 2015 have been derived from our unaudited combined financial statements that are not included in this information statement. The combined statements of operations data include the operating results from our acquisitions from the closing date of each acquisition. Historical operating results are not necessarily indicative of the results that may be expected for any future period. The historical operating results reflect allocations of certain costs incurred by SYNEX on behalf of Concentrix. While we believe the allocations to be reasonable, it is possible that actual costs incurred in the future could differ from those presented herein. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Notes 1, 2 and 3 to our combined financial statements included elsewhere in this information statement for a discussion of factors, such as business combinations and the adoption of new accounting guidance, that affect the comparability of the following selected combined financial data.

	Nine Months Ended		Fiscal Years Ended November 30,				
	August 31, 2020 (unaudited)	August 31, 2019 (unaudited)	2019	2018	2017	2016 (unaudited)	2015 (unaudited)
Statements of Operations Data: (in thousands)							
Revenue	\$ 3,418,676	\$ 3,495,076	\$ 4,707,912	\$ 2,463,151	\$ 1,990,180	\$ 1,587,736	\$ 1,416,670
Gross profit	1,202,893	1,290,017	1,748,448	937,552	749,154	615,447	538,314
Operating income	188,554	192,878	294,332	144,761	114,623	63,877	51,127
Net income	100,184	85,294	117,164	48,271	72,250	37,101	22,154
Balance Sheet Data: (in thousands)							
	As of August 31, 2020 (unaudited)	As of November 30,					
		2019	2018	2017 (unaudited)	2016 (unaudited)	2015 (unaudited)	
Cash and cash equivalents	\$ 93,341	\$ 79,656	\$ 123,389	\$ 123,499	\$ 125,603	\$ 96,328	
Working capital ⁽¹⁾	(1,299,933)	(1,398,703)	(1,714,155)	(577,639)	(653,279)	(331,551)	
Total assets	5,119,394	4,653,755	4,766,993	1,668,407	1,536,747	1,048,560	
Borrowings, current	—	—	69,762	12,000	12,000	—	
Total Parent equity	1,627,967	1,469,841	1,319,802	261,543	163,109	156,977	

- (1) Working capital is negative due to the inclusion of loans payable to Parent for acquisitions related to the Concentrix business and for ongoing operations. As part of the separation, these loans will be refinanced by a combination of current and long-term debt and consequently, working capital is expected to be positive.

	Nine Months Ended		Fiscal Years Ended November 30,				
	August 31, 2020 (unaudited)	August 31, 2019 (unaudited)	2019	2018	2017	2016 (unaudited)	2015 (unaudited)
Other Data: (in thousands)							
Depreciation	\$ 93,488	\$106,523	\$139,174	\$80,274	\$65,616	\$ 52,102	\$ 36,755
Amortization	110,190	125,181	166,606	74,324	64,252	52,833	52,126

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined financial statements presented below have been derived from Concentrix' historical unaudited combined statements of operations for the nine months ended August 31, 2020 and historical audited combined statements of operations for the year ended November 30, 2019, and the unaudited combined balance sheet as of August 31, 2020 included elsewhere in this information statement. The unaudited pro forma condensed combined financial statements should be read in conjunction with Concentrix' historical combined financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this information statement. The unaudited pro forma condensed combined statement of operations has been prepared to give effect to the Pro Forma Transactions (as defined below) as if the Pro Forma Transactions had occurred or had become effective as of December 1, 2018. The unaudited pro forma condensed combined balance sheet has been prepared to give effect to the Pro Forma Transactions as though the Pro Forma Transactions had occurred on August 31, 2020.

Our unaudited pro forma condensed combined financial statements have been prepared based on available information, assumptions, and estimates that management believes are reasonable. The unaudited pro forma condensed combined financial statements are for illustrative and informational purposes only, and do not reflect what Concentrix' financial position and results of operations would have been had the separation occurred on the dates indicated and are not necessarily indicative of its future financial position and future results of operations.

Our unaudited pro forma condensed combined financial statements have been prepared to reflect adjustments to our audited historical combined financial statements that are: (i) factually supportable, (ii) directly attributable to the distribution, and, for purposes of the combined statements of operations, (iii) expected to have continuing impact on our results of operations. The unaudited pro forma condensed combined financial statements have been adjusted to give effect to the following (the "Pro Forma Transactions"):

- The issuance of shares of Concentrix common stock;
- The tax-free distribution, for U.S. federal income tax purposes, of Concentrix common stock to SYNEX stockholders and the resulting elimination of SYNEX' historical investment in Concentrix;
- Our anticipated post-distribution capital structure; and
- The impact of, and transactions contemplated by the separation and distribution agreement, tax matters agreement and employee matters agreement.

Our historical combined statements of operations includes allocations of certain expenses relating to support functions historically provided by SYNEX. To operate as an independent public company, we expect to incur costs to replace those services previously provided by SYNEX in addition to incremental stand-alone costs. Due to the immaterial nature of these activities, the fact that Concentrix has been independently managed and resourced, the amount and timing of these incremental costs could vary but are not expected to be materially different from the as reported amounts. Consequently, such costs are not included in the Pro Forma Transactions.

The unaudited pro forma condensed combined financial statements constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" included elsewhere in this information statement.

Unaudited Pro Forma Condensed Combined Statement of Operations
(currency and shares in thousands, except per share amounts)
Nine Months Ended August 31, 2020

	<u>As Reported</u>	<u>Pro Forma Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u>
Revenue				
Customer experience services	\$ 3,403,305	\$ —		\$ 3,403,305
Customer experience services to Parent	15,371	—		15,371
Total revenue	<u>3,418,676</u>	<u>—</u>		<u>3,418,676</u>
Cost of revenue				
Cost of revenue for customer experience services	2,206,256	—		2,206,256
Cost of revenue related to services to Parent	9,527	—		9,527
Gross profit	<u>1,202,893</u>	<u>—</u>		<u>1,202,893</u>
Selling, general and administrative expenses	<u>(1,014,339)</u>	<u>—</u>		<u>(1,014,339)</u>
Operating income	188,554	—		188,554
Interest expense (primarily related to borrowings from Parent) and finance charges, net	(39,515)	39,515	(a)	—
Interest expense (third party) and finance charges, net	—	(20,370)	(b)	(20,370)
Other income, net	4,283	—		4,283
Income before income taxes	153,322	19,145		172,467
Provision for income taxes	<u>(53,138)</u>	<u>(4,127)</u>	(c)	<u>(57,265)</u>
Net income	<u>\$ 100,184</u>	<u>\$ 15,018</u>		<u>\$ 115,202</u>
Pro forma earnings per common share:				
Basic			(e)	<u>\$ 2.24</u>
Diluted			(f)	<u>\$ 2.22</u>
Pro forma weighted-average common shares outstanding:				
Basic			(e)	<u>50,930</u>
Diluted			(f)	<u>51,251</u>

(Amounts may not add due to rounding)

The accompanying notes are an integral part of these unaudited combined pro forma financial statements.

Unaudited Pro Forma Condensed Combined Statement of Operations
(currency and shares in thousands, except per share amounts)
Year Ended November 30, 2019

	<u>As Reported</u>	<u>Pro Forma Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u>
Revenue				
Customer experience services	\$ 4,687,327	\$ —		\$ 4,687,327
Customer experience services to Parent	20,585	—		20,585
Total revenue	<u>4,707,912</u>	<u>—</u>		<u>4,707,912</u>
Cost of revenue				
Cost of revenue for customer experience services	2,946,664	—		2,946,664
Cost of revenue related to services to Parent	12,800	—		12,800
Gross profit	<u>1,748,448</u>	<u>—</u>		<u>1,748,448</u>
Selling, general and administrative expenses	(1,454,116)	—		(1,454,116)
Operating income	<u>294,332</u>	<u>—</u>		<u>294,332</u>
Interest expense (primarily related to borrowings from Parent) and finance charges, net	(92,196)	92,196	(a)	—
Interest expense (third party) and finance charges, net	—	(27,155)	(b)	(27,155)
Other income (expense), net	2,280	—		2,280
Income before income taxes	<u>204,416</u>	<u>65,041</u>		<u>269,457</u>
Provision for income taxes	(87,252)	(12,975)	(c)	(100,227)
Net income	<u>\$ 117,164</u>	<u>\$ 52,066</u>		<u>\$ 169,230</u>
Pro forma earnings per common share:				
Basic			(e)	<u>\$ 3.28</u>
Diluted			(f)	<u>\$ 3.26</u>
Pro forma weighted-average common shares outstanding:				
Basic			(e)	<u>50,930</u>
Diluted			(f)	<u>51,251</u>

(Amounts may not add due to rounding)

The accompanying notes are an integral part of these unaudited combined pro forma financial statements.

Unaudited Pro Forma Condensed Combined Balance Sheet
(currency in thousands, except par value)
At August 31, 2020

	<u>As Reported</u>	<u>Pro Forma Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 93,341	\$ (8,000)	(b)	\$ 85,341
Accounts receivable, net	940,091	—		940,091
Receivable from SYNEX Corporation ("Parent")	26,298	(26,298)	(a)	—
Loan receivable from Parent	73,425	(73,425)	(a)	—
Other current assets	233,029	—		233,029
Total current assets	1,366,184	(107,723)		1,258,461
Property and equipment, net	423,438	—		423,438
Goodwill	1,835,526	—		1,835,526
Intangible assets, net	835,776	—		835,776
Deferred tax assets	72,956	—		72,956
Other assets	585,514	—		585,514
Total assets	<u>\$5,119,394</u>	<u>\$ (107,723)</u>		<u>\$5,011,671</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable	\$ 117,796	—		117,796
Payable to Parent	87,016	(87,016)	(a)	—
Loans payable to Parent	1,721,207	(1,721,207)	(a)	—
Accrued compensation and benefits	360,609	—		360,609
Other accrued liabilities	354,040	—		354,040
Income taxes payable	25,449	—		25,449
Total current liabilities	2,666,117	(1,808,223)		857,894
Long-term debt	—	1,092,000	(b)	1,092,000
Other long-term liabilities	653,567	—		653,567
Deferred tax liabilities	171,743	—		171,743
Total liabilities	<u>3,491,427</u>	<u>(716,223)</u>		<u>2,775,204</u>
Equity:				
Common stock (\$0.0001 par value)	—	5	(d)	5
Additional paid-in capital	—	2,247,024	(d)	2,247,024
Parent company investment	1,638,529	(1,638,529)	(d)	—
Accumulated other comprehensive income (loss)	(10,562)	—		(10,562)
Total equity	<u>1,627,967</u>	<u>608,500</u>		<u>2,236,467</u>
Total liabilities and equity	<u>\$5,119,394</u>	<u>\$ (107,723)</u>		<u>\$5,011,671</u>

(Amounts may not add due to rounding)

The accompanying notes are an integral part of these unaudited combined pro forma financial statements.

(a) Related party receivable and payable and related interest expense and finance charges, net

In connection with the separation, SYNEX will settle all receivables and payables (including Loan receivable and Loan payable) from and to Concentrix. The pro forma adjustments related to the settlement of these amounts are reflected in the unaudited pro forma combined balance sheet as of August 31, 2020 as follows:

Loan receivable from Parent	\$ (73,425)
Loan payable to Parent	(1,721,207)
Parent company investment	\$ 1,647,782
Receivable from SYNEX Corporation	\$ (26,298)
Payable to parent	(87,016)
Parent company investment	\$ 60,718

The adjustment to our historical interest expense (primarily related to borrowings from Parent) and finance charges, net to give effect to the related party loan payable and receivable is presented below:

	Nine Months Ended August 31, 2020	Year Ended November 30, 2019
Interest expense (primarily related to borrowings from Parent) and finance charges, net	\$ 39,515	\$ 92,196

(b) Debt financing and related interest expense and finance charges, net

In connection with our separation capitalization plan, we expect to incur new third-party borrowings of approximately \$1.1 billion at an estimated weighted average interest rate of approximately 2.10% immediately following the separation and transfer substantially all of the proceeds from such indebtedness to SYNEX. The incurrence of indebtedness by Concentrix and the transfer of the proceeds to SYNEX will redistribute the amount of net debt owed by Concentrix and SYNEX to third-party lenders upon the distribution. We currently expect to affect this separation capitalization plan through a combination of some or all of the following types of borrowings:

- \$900,000 of term loan borrowings under our new senior secured credit facility; and
- our new \$350,000 accounts receivable securitization facility, under which we expect to have \$200,000 of borrowings outstanding at the distribution date.

In addition, our new credit facility includes a \$600 million revolving credit facility, which we expect to be undrawn at the distribution date. For purposes of these unaudited pro forma combined financial statements, we have assumed that the additional borrowings will be long-term debt. Debt issuance costs are expected to be approximately \$8 million and will be capitalized as a reduction of long-term debt and amortized over the initial weighted-average term of the borrowings. The actual mix of our debt and the amount of debt issuance costs incurred at the distribution date will depend on a number of factors, including market conditions at the time we incur such debt. With respect to the additional debt we expect to incur in connection with the separation, we have assumed an initial annual interest rate of 2.25% for the term loan borrowings and 1.4% for the accounts receivable securitization facility, with terms of five years for the term loan borrowings and two years for the accounts receivable securitization facility. The assumed annual interest rates for the term loan borrowings and the accounts receivable securitization facility are based on the current London Interbank Offered Rate ("LIBOR") rate, plus the applicable margin. The actual interest rates may vary from these assumptions and will depend upon market conditions at the distribution date.

The adjustment to interest expense (third party) and finance charges, net for the nine months ended August 31, 2020 and the year ended November 30, 2019 to give effect to the incurrence of the debt described above is presented below:

	Nine Months Ended August 31, 2020	Year Ended November 30, 2019
Interest expense (third party) and finance charges, net	\$ 19,090	\$ 25,450
Amortization of debt issuance costs	1,280	1,705
Total	\$ 20,370	\$ 27,155

Interest on additional debt excludes interest associated with borrowings under our revolving credit facility, which is not expected to be drawn at the distribution date. However, this revolving credit facility is expected to be utilized from time to time following the distribution date and could have an outstanding balance of up to \$600 million at an initial annual interest rate of approximately 2.25%. The applicable margin component over LIBOR, at which our term loan borrowings and revolving credit facility borrowings will bear interest, will be adjusted on a quarterly basis based upon our consolidated leverage ratio and may range from 1.25% to 2.25%.

Each 0.100% change in the estimated weighted average annual interest rate would cause pro forma interest expense to change by approximately \$1.1 million on an annual basis (not including any additional interest expense attributable to borrowings under the revolving credit facility described above).

For purposes of these unaudited pro forma combined financial statements, the adjustment to Parent company investment represents the distribution to SYNEX of all of the proceeds from the new indebtedness. The pro forma adjustment is as follows:

Long-term debt	\$ 1,100,000
Parent company investment	\$ (1,100,000)

The remaining adjustment to our balance sheet represents our funding of debt issuance costs, which are treated as a reduction of long-term debt:

Cash	\$(8,000)
Long-term debt	\$(8,000)

(c) Resulting tax effects

The pro forma tax adjustments were determined using the statutory tax rate and applicable tax law in effect in the respective jurisdictions during the periods presented. The applicable tax rates could be different (higher or lower) depending on the jurisdictional mix of the adjustments subsequent to the separation.

(d) Recapitalization of equity adjustments

Reflects the pro forma recapitalization of our equity. Adjustments reflect the following:

- (i) As of the distribution date, SYNEX' investment in our business will be redesignated as our stockholders' equity and will be allocated between common stock and additional paid-in-capital based on the number of shares of our common stock outstanding at the distribution date. SYNEX stockholders will receive shares of our common stock assuming a distribution ratio of one share of our common stock for every one share of SYNEX common stock outstanding as of the record date of the distribution (51.5 million shares outstanding as of August 31, 2020); and
- (ii) the balancing entry to reflect the effect of the other pro forma adjustments.

The pro forma adjustment related to recapitalization of our equity as of August 30, 2020 is as follows:

Common stock (\$0.0001 par value)	\$	5
Additional paid in capital		2,247,024
Parent company investment	\$	(2,247,029)

(e) Pro forma basic earnings per share / weighted average shares outstanding

Pro forma basic earnings per share and pro forma weighted-average basic shares outstanding are estimated based on number of SYNEX outstanding shares, which is the number of shares of our common stock expected to be outstanding following the separation less restricted stock awards, as a result of the application of the two-class method. See note (d) for further details.

(f) Pro forma diluted earnings per share / weighted average shares outstanding

Pro forma diluted earnings per share and pro forma weighted-average basic shares outstanding are estimated based on the number of shares as described in note (e) above, plus incremental shares assuming exercise of dilutive outstanding stock options and restricted stock units. This calculation may not be indicative of the dilutive effect that will actually result from Concentrix stock-based awards issued in connection with the adjustment of outstanding SYNEX stock-based awards or the grant of new stock-based awards. The number of dilutive common shares underlying Concentrix stock-based awards issued in connection with the adjustment of outstanding SYNEX stock-based awards will not be determined until the distribution date or shortly thereafter.

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

The discussion and analysis of our financial condition and results of operations should be read in conjunction with our historical combined financial statements, the notes to those combined financial statements, the unaudited pro forma condensed combined financial statements, and the notes to those pro forma condensed combined financial statements included elsewhere in this information statement. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those projected or implied in the forward-looking statements. Please see "Risk Factors" and "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

References to "we," "our," "us," "the Company" or "Concentrix" refer to the combined entities of the customer experience business of SYNnex Corporation ("SYNnex" or the "Parent").

Certain comparisons of the year-over-year changes in revenue, cost of revenue and selling, general and administrative expenses in the discussion of our results of operations for the fiscal years ended November 30, 2019, 2018 and 2017 include a supplemental comparison as if the Company's acquisition of Convergys had occurred at the beginning of the earliest year in the comparison. These supplemental comparisons can be identified by the language "if the Convergys acquisition had occurred at the beginning of [the relevant fiscal year]." The amounts used in these supplemental comparisons were determined by adding (x) the Convergys results of operations for the relevant period prior to the Company's acquisition of Convergys to (y) the Company's combined results of operations for the relevant periods. We believe the presentation of this supplemental information is useful because the Convergys acquisition had a significant impact on revenue, cost of revenue, and selling, general and administrative expenses for the post-acquisition period and the supplemental comparison enables readers to better understand changes in the combined business. The amounts include adjustments for amortization of intangibles expense and acquisition-related transaction costs as if the Convergys acquisition occurred at the beginning of the referenced periods. These supplemental comparisons are provided for informational purposes only and may not necessarily reflect the results of operations that would have occurred had the Convergys acquisition actually occurred as of the beginning of any period referenced.

Overview and Basis of Presentation

Concentrix is a leading global provider of technology-infused Customer Experience ("CX") solutions, centered on helping our clients enhance the brand experience for their end-customers. We provide end-to-end capabilities that help drive deep customer understanding and engagement. Our solutions facilitate communication between our clients and their customers, provide analytics and process optimization, and support client-centric operations and back-office processing across the enterprise. Our differentiated portfolio of solutions supports Fortune Global 500 as well as high-growth companies across the globe in their efforts to deliver an optimized, consistent brand experience across all channels of communication, such as voice, chat, email, social media, asynchronous messaging, and custom applications. We strive to deliver exceptional services globally supported by our deep industry knowledge, technology and security practices, talented people, and digital and analytics expertise.

We generate revenue from performing services that are generally tied to our clients' products and services. Any shift in business or the size of the market for our clients' products or services, or any failure of technology or failure of acceptance of our clients' products or services in the market may impact our business. The employee turnover rate in our business is high, as is the risk of losing experienced employees. High employee turnover rates may increase costs and decrease operating efficiencies and productivity.

On January 9, 2020, SYNEX announced its intent to separate its Concentrix business into an independent, publicly traded company. The combined financial statements, which are discussed below, reflect the results of operations, financial position, and cash flows of our business and are derived from the historical results of operations and the historical basis of the assets and liabilities of the CX business of SYNEX from its consolidated financial statements as if we had been operating on a stand-alone basis prior to the spin-off and related transactions. We believe that the assumptions made in preparing our combined financial statements are reasonable. However, our historical results may not be indicative of our future performance and do not necessarily reflect what our financial condition and results of operations would have been had we operated as an independent, stand-alone entity during the periods presented, particularly because changes will occur in our operations and capitalization as a result of the spin-off and related transactions. Please read “Unaudited Pro Forma Condensed Combined Financial Statements” for more information.

In particular, the financial information included herein does not reflect the changes that will occur in our funding as a result of the spin-off. Historically, we have been funded primarily through borrowings from SYNEX, and while those borrowings required that we pay interest to SYNEX, there is no guarantee that the interest rates paid to third-party financing sources will be the same as the rates paid to SYNEX. With the exception of these items discussed above, we do not expect any significant changes in the daily operations of our business.

In December 2019, there was an outbreak of a new strain of coronavirus (“COVID-19”). In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and labor force participation, and created significant volatility and disruption of financial markets. “Shelter-in-place” restrictions by various governments around the world negatively impacted our results of operations for the nine months ended August 31, 2020, and was most acute during the second quarter of fiscal year 2020, as many of our employees were unable to work productively during the period despite client demand. We also incurred incremental costs associated with allowances for doubtful accounts and higher salaries and employee related expenses. We successfully transitioned a significant portion of our workforce to a remote working environment throughout the second quarter of 2020 and implemented a number of safety and social distancing measures in our sites to protect the health and safety of employees. At the end of the third quarter of fiscal year 2020, the majority of our workforce was productive.

The extent of the continued impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, including the duration, spread and severity of the pandemic, country and state restrictions regarding virus containment, accessibility to the Company’s delivery and operations locations, our continued utilization of remote work environments in response to future health and safety instructions, the pace at which the Company is able to ramp back to seasonal business levels, and the impact to the Company’s clients’ businesses and the demand for their products and services, all of which are uncertain and cannot be predicted. We are unable to predict how long the pandemic conditions will persist, what additional measures may be introduced by governments or our clients and the effect of any such additional measures on our business. As a result, many of the estimates and assumptions involved in preparation of the interim financial statements included in this Information Statement required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve with respect to the pandemic, our estimates may materially change in future periods. Accordingly, current results and financial condition discussed herein may not be indicative of future operating results and trends.

The separation, which was delayed by SYNEX due to the focus on managing the economic impact of COVID-19 pandemic, barring further economic disruption, is now expected to be completed in the fourth quarter of calendar year 2020, subject to current economic and capital market trends.

Revenue and Cost of Revenue

We generate revenue through the provision of customer experience solutions to our clients pursuant to client contracts. Our client contracts typically consist of a master services agreement, supported in most cases by multiple statements of work, which contains the terms and conditions of each contracted solution. Our agreements can range from less than one year to over five years in term and are subject to early termination by our clients for any reason, typically with 30 to 90 days' notice.

The market for customer experience solutions is generally characterized by flat unit prices. Approximately 96% of our revenue is recognized as services are performed based on staffing hours or the number of client customer interactions handled using contractual rates. Remaining revenues are derived from the sale of premise-based and hosted self-care and technology solutions and the provision of professional services. Revenues from the sale of these solutions and provision of services are typically recognized as the services are provided over the duration of the contract using contractual rates.

Our cost of revenue consists primarily of personnel costs related to the delivery of our solutions. The costs of our revenue can be impacted by the mix of client contracts, where we deliver the customer experience solution, additional lead time for programs to be fully scalable and transition and initial set-up costs. Our cost of revenue as a percentage of revenue has also fluctuated in the past, based primarily on our ability to achieve economies of scale, the management of our operating expenses, and the timing and costs incurred related to our acquisitions and investments.

During the nine months ended August 31, 2020 and 2019, approximately 72% and 75% of our combined revenue was generated from our non-U.S. operations. In fiscal years 2019, 2018 and 2017, approximately 76%, 69% and 65%, respectively, of our combined revenue was generated from our non-U.S. operations, and we expect this to continue. As a result, our revenue growth and profitability has been impacted, and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates.

Margins

Our gross margins fluctuate and can be impacted by the mix of client contracts, services provided, shifts in the geography from which our customer experience services are delivered, client volume trends, and the amount of lead time that is required for programs to become fully scaled and transition and set-up costs. Our operating margin fluctuates based on changes in gross margins as well as overall volume levels, as we are able to gain scale efficiencies in our selling, general and administrative costs in periods of higher volume.

Economic and Industry Trends

The customer experience solutions industry in which we operate is competitive. Clients' performance measures are based on competitive pricing terms and quality of services. Accordingly, we could be subject to pricing pressure and may experience a decrease in revenue and operating income. Our business operates in over 40 countries across 6 continents. We have significant concentrations in the Philippines, India, the United States, the United Kingdom, throughout Europe, China and Japan. Accordingly, we would be impacted by economic strength or weakness in these geographies and by the strengthening or weakening of local currencies relative to the U.S. Dollar.

Seasonality

Our revenue and margins fluctuate with the underlying trends in our clients' businesses and trends in the level of consumer activity. As a result, our revenues and margins are typically higher in the fourth quarter of the year than in any other quarter.

Critical Accounting Policies and Estimates

The discussion and analysis of our combined financial condition and results of operations are based on our combined financial statements, which have been prepared in conformity with generally accepted accounting principles in the United States (“GAAP”). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an ongoing basis, we review and evaluate our estimates and assumptions. Our estimates are based on our historical experience and a variety of other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making our judgment about the carrying values of assets and liabilities that are not readily available from other sources. Actual results could differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies involve the more significant judgments, estimates and/or assumptions used in the preparation of our combined financial statements.

Revenue Recognition

On December 1, 2018, we adopted Accounting Standards Codification Topic 606 applying the full retrospective method. See Note 2 to the combined financial statements included elsewhere in this information statement for information regarding the impact of adopting this new revenue standard.

We recognize revenue from our customer experience solutions contracts over time as the promised services are delivered to clients for an amount that reflects the consideration to which we are entitled in exchange for those services. We account for a contract with a client when it has written approval, the contract is committed, the rights of the parties, including payments terms, are identified, the contract has commercial substance and the consideration is probable of collection. Revenue is presented net of taxes collected from clients and remitted to government authorities. We generally invoice a client after the performance of services, or in accordance with the specific contractual provisions. Payments are due as per contract terms and do not contain a significant financing component. Service contracts may be based on a fixed price or on a fixed unit-price per transaction or other objective measure of output. We determine whether services performed during the initial phases of an arrangement, such as setup services, are distinct. In most cases, the arrangement is a single performance obligation comprised of a series of distinct services that are substantially the same and have the same pattern of transfer (i.e., distinct days of service). We record deferred revenue attributable to certain process transition and setup activities where such activities do not represent separate performance obligations. Billings related to such transition activities are classified under contract liabilities and subsequently recognized ratably over the period in which the related services are performed. We apply a measure of progress (typically time-based) to any fixed consideration and allocate variable consideration to the distinct periods of service based on usage. As a result, revenue is generally recognized over the period the services are provided on a usage basis. This results in revenue recognition that corresponds to the benefit to the client of the services transferred relative to the remaining services promised. Revenue on fixed price contracts is recognized on the straight-line basis over the term of contract service as the services are provided. Revenue on unit-price transactions is recognized using an objective measure of output including staffing hours or the number of transactions processed by service staff. Client contract terms can range from less than one year to more than five years.

Certain client contracts include additional payments from the client based upon the achievement of certain agreed-upon service levels and performance metrics. Certain contracts also provide for a reduction in consideration paid to the Company in the event that certain agreed-upon service levels or performance metrics are not achieved. Revenue related to such arrangements is accounted for as variable consideration when the likely amount of revenue to be recognized can be estimated to the extent that it is unlikely that a significant reversal will occur.

Business Combinations

We allocate the fair value of purchase consideration to the assets acquired and liabilities assumed generally based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of the assets acquired and liabilities assumed is recorded as goodwill. The determination of the fair value of assets and liabilities may involve engaging independent third parties to perform an appraisal. When determining the fair values of assets acquired and liabilities assumed, we make significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth rates and margins, attrition rates, and discount rates. Fair value estimates are based on the assumptions we believe a market participant would use in pricing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available. At November 30, 2019, the measurement period has ended for all acquisitions.

Acquisitions

We continually seek to augment organic growth with strategic acquisitions of businesses and assets that complement and expand our existing capabilities. Recent acquisitions have sought to enhance our capabilities and domain expertise in our key verticals, expand our geographic footprint, and further expand into higher value service offerings. We are also strategically focused on further increasing our scale to support our clients.

The Convergys Acquisition

On October 5, 2018, we acquired 100% of Convergys Corporation (“Convergys”), a customer experience outsourcing company with approximately \$2.7 billion in annual revenue for a purchase price of approximately \$2.3 billion plus the assumption of outstanding debt. The acquisition added scale, diversified our revenue base, expanded our service delivery footprint, and strengthened our leadership position as a top global provider of customer experience services. The purchase price was paid as a combination of approximately \$1.25 billion in cash and the issuance of \$1.02 billion in SYNEX stock.

The Tigerspike Acquisition

On July 31, 2017, we acquired 100% of Tigerspike Pty Ltd., a digital products company incorporated in Australia, specializing in strategy, experience design, development, and systems integration, for \$67.0 million, after certain post-closing adjustments.

Goodwill

At August 31, 2020, we have goodwill of \$1,835.5 million recorded on our combined balance sheet. We test goodwill for impairment annually, and at other times if events have occurred or circumstances exist that indicate that the carrying value of goodwill may no longer be recoverable. Based on our qualitative assessment in 2019, we concluded that it was not more likely than not that the fair value of our reporting unit was less than its carrying value. We have not recorded any impairment charges related to goodwill during the three-year period ended November 30, 2019 or during the nine months ended August 31, 2020.

Other Intangible Assets

At August 31, 2020, we had other intangible assets, net of amortization, with a carrying value of \$835.8 million. This amount consists primarily of \$831.1 million in client relationships. We evaluate the intangible assets for recoverability on an annual basis or if events or circumstances indicate a possible inability to recover their carrying value, by comparing estimates of undiscounted future cash flows to the carrying values of

the related assets. We have not recorded any impairment charges related to other intangible assets during the three-year period ended November 30, 2019 or during the nine months ended August 31, 2020.

Recently Issued Accounting Pronouncements

For a summary of recent accounting pronouncements and the anticipated effects on our combined financial statements, see Note 2—Summary of Significant Accounting Policies to the combined financial statements included elsewhere in this information statement.

Results of Operations – Nine months ended August 31, 2020 and 2019

	Nine Months Ended	
	August 31, 2020	August 31, 2019
	(in thousands)	
Revenue		
Customer experience services	\$ 3,403,305	\$ 3,480,275
Customer experience services to Parent	15,371	14,801
Total revenue	3,418,676	3,495,076
Cost of revenue		
Cost of revenue for customer experience services	2,206,256	2,196,212
Cost of revenue related to services to Parent	9,527	8,847
Gross profit	1,202,893	1,290,017
Selling, general and administrative expenses	(1,014,339)	(1,097,139)
Operating income	188,554	192,878
Interest expense (primarily related to borrowings from Parent) and finance charges, net	(39,515)	(71,970)
Other income, net	4,283	2,681
Income before income taxes	153,322	123,589
Provision for income taxes	(53,138)	(38,295)
Net income	<u>\$ 100,184</u>	<u>\$ 85,294</u>

Revenue

	Nine Months Ended		Percent Change 2020 to 2019
	August 31, 2020	August 31, 2019	
	(in thousands)		
Industry vertical:			
Technology and consumer electronics	\$ 1,012,275	\$ 939,384	7.8%
Communications and media	714,966	869,134	-17.7%
Retail, travel and ecommerce	558,412	564,516	-1.1%
Banking, financial services and insurance	526,948	498,884	5.6%
Healthcare	274,128	268,028	2.3%
Other	331,947	355,130	-6.5%
Total	<u>\$ 3,418,676</u>	<u>\$ 3,495,076</u>	<u>-2.2%</u>

We generate revenue by delivering our customer experience solutions to our clients categorized in the above primary industry verticals. These solutions focus on customer engagement, process optimization, and back-office automation. Included in our revenue is \$15.4 million and \$14.8 million for customer experience solutions that we delivered to SYNnex during the nine months ended August 31, 2020 and 2019, respectively.

Our revenue decreased 2.2% in the nine months ended August 31, 2020, compared to the nine months ended August 31, 2019, primarily reflecting the impact of “shelter in place” restrictions in response to COVID-19 in various countries in which we operate, which was most acute during the second quarter of 2020. These restrictions adversely impacted the ability of many of our employees to work productively during the period despite client demand. Revenue from clients in our technology and consumer electronics vertical increased as a result of increased volumes from several hardware and software manufacturing clients, including our largest client in this vertical. These increases were partially offset by a small decrease in a few other hardware and software manufacturing clients. Revenue from clients in our communications and media vertical decreased primarily due to a decrease in revenues from several clients in this vertical, including our largest communications client, caused by a combination of lower volumes, more services provided from our offshore locations and COVID-19 impacts on our employees’ ability to work productively despite client demand. Revenue from clients in our retail, travel and ecommerce vertical decreased due to reduced volumes from several travel and tourism clients, partially offset by increased volume from a few retail and ecommerce clients. Revenues from clients in the banking, financial services and insurance vertical increased due to increased volumes from several clients in the vertical. Revenues from clients in our healthcare vertical increased due to an increase in volumes with a few health insurance clients, partially offset by decreases in volumes from a few health insurance clients. Revenues from clients in our other vertical decreased, reflecting a decrease in revenues from our largest automotive client and few other automotive clients, partially offset by growth with a few government clients. The decrease in revenues includes the negative translation effect of foreign currencies of \$32.3 million. The negative foreign currency translation effect on revenue was primarily due to the weakening of the Brazilian real, Australian dollar, and Indian Rupee against the U.S. dollar.

Cost of Revenue, Gross Profit and Gross Margin Percentage

	<u>Nine Months Ended</u>		<u>Percent Change</u> <u>2020 to 2019</u>
	<u>August 31, 2020</u>	<u>August 31, 2019</u>	
	(\$ in thousands)		
Cost of revenue	\$ 2,215,783	\$ 2,205,059	0.5%
Gross profit	1,202,893	1,290,017	-6.8%
Gross margin %	35.2%	36.9%	

Cost of revenue consists primarily of personnel costs. Gross margins can be impacted by resource location, client mix and pricing, additional lead time for programs to be fully scalable, and transition and initial set-up costs. Additionally, for the nine months ended August 31, 2020 gross margin was impacted by COVID-19 by the cost of employees who were unable to work productively during the period and additional costs incurred related to our response to COVID-19.

Our cost of revenue increased by 0.5% in the nine months ended August 31, 2020 compared to the nine months ended August 31, 2019, primarily due to the incremental impact of approximately \$55 million in COVID-19 related non-productive workforce and other costs, primarily offset by the decrease in revenue, reductions in employee training, recruiting and transportation costs, and a net favorable foreign currency impact of \$14.8 million on the cost of revenue. The net favorable foreign currency impact on the cost of revenue was caused primarily by the weakening of the Indian Rupee, the Brazilian real, the Australian dollar and the Colombian Peso against the U.S. dollar, partially offset by the strengthening of the Philippine Peso against the U.S. dollar.

Our gross profit decreased 6.8% in the nine months ended August 31, 2020 compared to the nine months ended August 31, 2019 primarily due to the decrease in revenue, the incremental impact of COVID-19 related non-productive workforce and other costs, and a net unfavorable foreign currency impact of \$17.5 million on gross profit. In addition, our gross margin was temporarily impacted by decreased productivity as we transitioned some of our employees to work-from-home. These factors caused our gross margin in the nine months ended August 31, 2020 to decrease to 35.2% from 36.9% for the nine months ended August 31, 2019.

Selling, General and Administrative Expenses

	<u>Nine Months Ended</u>		<u>Percent Change</u> <u>2020 to 2019</u>
	<u>August 31, 2020</u>	<u>August 31, 2019</u>	
	(\$ in thousands)		
Selling, general and administrative expenses	\$ 1,014,339	\$ 1,097,139	-7.5%
Percentage of revenue	29.7%	31.4%	

Our selling, general and administrative expenses consist primarily of support personnel costs such as salaries, commissions, bonuses, employee benefits and share-based compensation costs. Selling, general and administrative expenses also include cost of our global delivery facilities, utility expenses, hardware and software costs related to our technology infrastructure, legal and professional fees, depreciation on our technology and facility equipment, amortization of intangible assets resulting from acquisitions, marketing expenses, and acquisition-related transaction and integration expenses.

Our selling, general and administrative expenses decreased in the nine months ended August 31, 2020 compared to the nine months ended August 31, 2019 due to a \$29.2 million decrease in acquisition-related and integration expenses, a \$14.7 million decrease in amortization of intangible assets included in selling, general and administrative expenses, a \$14.5 million decrease in depreciation expense included in selling, general and administrative expenses, reductions in various cost areas as a result of our response to COVID-19 and increased cost efficiencies related to Convergys acquisition synergies. The decreases were partially offset by incremental COVID-19 costs of approximately \$10 million. These factors resulted in a net decrease in selling, general and administrative expenses as a percentage of revenue to 29.7% in the nine months ended August 31, 2020 from 31.4% in the nine months ended August 31, 2019.

Operating Income

	<u>Nine Months Ended</u>		<u>Percent Change</u> <u>2020 to 2019</u>
	<u>August 31, 2020</u>	<u>August 31, 2019</u>	
	(\$ in thousands)		
Operating income	\$ 188,554	\$ 192,878	-2.2%
Operating margin	5.5%	5.5%	

Our operating income decreased during the nine months ended August 31, 2020 compared to the nine months ended August 31, 2019, reflecting the decrease in revenue and COVID-19 related incremental costs as discussed above. Our operating margin was unchanged across the two periods as the decrease in gross margin was offset by a reduction in selling, general and administrative expenses as a percent of revenue as discussed above.

Interest Expense and Finance Charges, Net

	<u>Nine Months Ended</u>		<u>Percent Change</u> <u>2020 to 2019</u>
	<u>August 31, 2020</u>	<u>August 31, 2019</u>	
	(\$ in thousands)		
Interest expense and finance charges, net	\$ 39,515	\$ 71,970	-45.1%
Percentage of revenue	1.2%	2.1%	

Amounts recorded in interest expense and finance charges, net, consist entirely of interest on borrowings from SYNEX, net of interest income. Net interest expense on borrowings from and to SYNEX was \$39,807 in the nine months ended August 31, 2020 compared to \$73,472 in the nine months ended August 31, 2019. The reduction in interest expense on borrowings from and to SYNEX reflects the reduction of outstanding borrowings from SYNEX in the nine months ended August 31, 2020 compared to the nine months ended August 31, 2019 due to our repayment of borrowings during 2019 and a reduction in LIBOR-based interest rates.

Other Income, Net

	<u>Nine Months Ended</u>		<u>Percent Change</u> <u>2020 to 2019</u>
	<u>August 31, 2020</u>	<u>August 31, 2019</u>	
	(\$ in thousands)		
Other income, net	\$ 4,283	\$ 2,681	59.8%
Percentage of revenue	0.1%	0.1%	

Amounts recorded as other income, net include foreign currency transaction gains and losses, other than cash flow hedges, investment gains and losses, non-service component of pension costs, and other non-operating gains and losses.

Other income, net in the nine months ended August 31, 2020 was income of \$4.3 million compared to \$2.7 million for the nine months ended August 31, 2019. The change in other income, net was due to the favorable resolution of a previously recognized tax indemnity obligation in the first nine months of 2020 and an increase in net foreign currency gains.

Provision for Income Taxes

	<u>Nine Months Ended</u>		<u>Percent Change</u> <u>2020 to 2019</u>
	<u>August 31, 2020</u>	<u>August 31, 2019</u>	
	(\$ in thousands)		
Provision for income taxes	\$ 53,138	\$ 38,295	38.8%
Percentage of income before income taxes	34.7%	31.0%	

Income taxes consist of our current and deferred tax expense resulting from our income earned in domestic and international jurisdictions. Although Concentrix has been included in the consolidated tax returns of SYNEX in certain jurisdictions, our tax provision included herein has been recorded as if we had filed our taxes on a stand-alone basis. Our income tax expense was increased for the nine months ended August 31, 2020 and August 31, 2019 by an adjustment of \$9.6 million and \$10.5 million, respectively, to reflect the hypothetical tax impact if Concentrix was not part of SYNEX' U.S. consolidated group and therefore suffered higher taxes under the Tax Cuts and Jobs Act of 2017 ("TCJA") and a higher U.S. foreign tax credit limitation. The offset to the hypothetical tax expense in both periods is reflected in the Parent company investment line of the Equity section of our combined balance sheet.

Our income tax expense increased during the nine months ended August 31, 2020 compared to the nine months ended August 31, 2019 due to the increase in our income before taxes for the nine months ended August 31, 2020 and due to a reduction in reserves for uncertain tax positions and a downward adjustment to the provision for the transition tax related to mandatory repatriation under the TCJA for the nine months ended August 31, 2019. The effective tax rate for the nine months ended August 31, 2020 increased compared to the effective tax rate for the nine months ended August 31, 2019 due to increased tax expense recorded in the nine months ended August 31, 2019 due to the shift in geographic mix of worldwide income offset by a reduction in reserves for uncertain tax positions and a downward adjustment to the provision for the transition tax related to mandatory repatriation under the TCJA during the nine months ended August 31, 2019.

Results of Operations—Years ended November 30, 2019, 2018 and 2017

	Fiscal Years Ended November 30,		
	2019	2018	2017
	(in thousands)		
Revenue			
Customer experience services	\$ 4,687,327	\$ 2,444,867	\$ 1,974,830
Customer experience services to Parent	20,585	18,284	15,350
Total revenue	<u>4,707,912</u>	<u>2,463,151</u>	<u>1,990,180</u>
Cost of revenue			
Cost of revenue for customer experience services	2,946,664	1,514,470	1,232,666
Cost of revenue related to services to Parent	12,800	11,129	8,360
Gross profit	<u>1,748,448</u>	<u>937,552</u>	<u>749,154</u>
Selling, general and administrative expenses	<u>(1,454,116)</u>	<u>(792,791)</u>	<u>(634,531)</u>
Operating income	294,332	144,761	114,623
Interest expense (primarily related to borrowings from Parent) and finance charges, net	(92,196)	(38,239)	(24,020)
Other income (expense), net	2,280	4,386	(2,326)
Income before income taxes	204,416	110,908	88,277
Provision for income taxes	(87,252)	(62,637)	(16,027)
Net income	<u>\$ 117,164</u>	<u>\$ 48,271</u>	<u>\$ 72,250</u>

As discussed above, certain comparisons of the year-over-year changes in revenue, cost of revenue and selling, general and administrative expenses below refer to the changes in amounts as if the Convergys acquisition had occurred at the beginning of the earliest period presented. See the earlier discussion in this Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 3 of the combined financial statements included elsewhere in this information statement for additional discussion of the pro forma financial information as if the acquisition of Convergys had occurred at the beginning of the earliest period presented.

Revenue

	Fiscal Years Ended November 30,			Percent Change 2019 to 2018	Percent Change 2018 to 2017
	2019	2018	2017		
	(in thousands)				
Industry vertical:					
Technology and consumer electronics	\$1,283,084	\$ 880,958	\$ 697,206	45.6%	26.4%
Communications and media	1,142,242	345,455	195,279	230.6%	76.9%
Retail, travel and ecommerce	763,265	376,622	258,987	102.7%	45.4%
Banking, financial services and insurance	676,246	350,322	289,746	93.0%	20.9%
Healthcare	369,187	184,376	145,048	100.2%	27.1%
Other	473,888	325,418	403,914	45.6%	(19.4)%
Total	<u>\$4,707,912</u>	<u>\$2,463,151</u>	<u>\$1,990,180</u>	<u>91.1%</u>	<u>23.8%</u>

We generate revenue by delivering our customer experience solutions to our clients categorized in the above primary industry verticals. These solutions focus on customer engagement, process optimization, and back-office automation. Included in our revenue is \$20.6 million, \$18.3 million and \$15.4 million for customer experience solutions that we delivered to SYNEX during fiscal years 2019, 2018 and 2017, respectively.

Our revenue increased 91.1% in fiscal year 2019, compared to fiscal year 2018, primarily due to the full year impact of the acquisition of Convergys in October 2018. If the Convergys acquisition had occurred at the beginning of fiscal year 2018, our revenue would have increased by 0.3% in fiscal year 2019, compared to revenue of \$4,695,634 in fiscal year 2018. All vertical categories increased in fiscal year 2019 compared to fiscal year 2018 due to the acquisition of Convergys in October 2018. In the communications and media vertical, the increase was partially offset by a decrease in revenue from certain clients in the vertical. The remaining verticals experienced growth in addition to the benefit from the Convergys acquisition. The increase in revenue was partially offset by the negative translation effect of foreign currencies. The negative foreign currency translation effect on revenue was primarily due to the weakening of the euro, British pound and Australian dollar against the U.S. dollar.

Our revenue increased 23.8% in fiscal year 2018, compared to fiscal year 2017, primarily due to the acquisition of Convergys in October 2018. Convergys contributed approximately \$439.4 million of revenue in fiscal year 2018. All vertical categories increased in fiscal year 2018 compared to fiscal year 2017 due to the acquisition of Convergys in October 2018. Our revenue from clients in technology and consumer electronics and retail, and travel and ecommerce verticals experienced growth in addition to the benefit from the Convergys acquisition. Our revenue from clients in the other vertical decreased in fiscal year 2018 from 2017 primarily due to a reduction in volumes with an automotive client due to the completion of a recall program, partially offset by increases due to the Convergys acquisition. Fluctuations in foreign currency exchange rates did not have a meaningful effect on revenues in fiscal year 2018 compared to fiscal year 2017.

Cost of Revenue, Gross Profit and Gross Margin Percentage

	Fiscal Years Ended November 30,			Percent Change 2019 to 2018	Percent Change 2018 to 2017
	2019	2018	2017		
	(\$ in thousands)				
Cost of revenue	\$2,959,464	\$1,525,599	\$1,241,026	94.0%	22.9%
Gross profit	1,748,448	937,552	749,154	86.5%	25.1%
Gross margin %	37.1%	38.1%	37.6%		

Cost of revenue consists primarily of personnel costs. Gross margins can be impacted by resource location, client mix and pricing, additional lead time for programs to be fully scalable, and transition and initial set-up costs.

Our cost of revenue increased by 94.0% in fiscal year 2019 compared to fiscal year 2018, primarily due to the full year impact of the acquisition of Convergys in October 2018, including changes in business mix with the addition of the Convergys business and net unfavorable foreign currency impacts caused primarily by the strengthening of the Philippine Peso and the Indian Rupee. If the Convergys acquisition had occurred at the beginning of fiscal year 2018, our cost of revenue would have increased by 1.4% in fiscal year 2019, compared to cost of revenue of \$2,919,312 in fiscal year 2018.

Our gross profit increased 86.5% in 2019, primarily due to the full year impact of the Convergys acquisition, partially offset by negative foreign currency impacts. Our gross margin in 2019 was 37.1%, compared to 38.1% in 2018 due to changes in business mix and negative foreign currency impacts.

Our cost of revenue increased by 22.9% in fiscal year 2018 compared to fiscal year 2017 primarily due to the acquisition of Convergys in October 2018. If the Convergys acquisition had occurred at the beginning of fiscal year 2017, our cost of revenue would have decreased by 3.0% from \$3,005,913 in fiscal year 2017 to \$2,919,312 in fiscal year 2018.

Our gross profit increased 25.1% in fiscal year 2018 compared to fiscal year 2017 primarily due to the acquisition of Convergys in October 2018, changes in business mix and net favorable foreign currency translation. The net favorable foreign currency translation impact resulted from a strengthening of the British

Pound and the Euro and a weakening of the Philippine Peso and Indian Rupee. Our gross margin in fiscal year 2018 was 38.1% compared to 37.6% in fiscal year 2017, reflecting the acquisition of Convergys in October 2018, changes in business mix and net favorable foreign currency translation.

Selling, General and Administrative Expenses

	Fiscal Years Ended November 30,			Percent Change 2019 to 2018	Percent Change 2018 to 2017
	2019	2018	2017		
	(\$ in thousands)				
Selling, general and administrative expenses	\$1,454,116	\$792,791	\$634,531	83.4%	24.9%
Percentage of revenue	30.9%	32.2%	31.9%		

Our selling, general and administrative expenses consist primarily of support personnel costs such as salaries, commissions, bonuses, employee benefits and share-based compensation costs. Selling, general and administrative expenses also include cost of our global delivery facilities, utility expenses, hardware and software costs related to our technology infrastructure, legal and professional fees, depreciation on our technology and facility equipment, amortization of intangible assets resulting from acquisitions, marketing expenses, and acquisition-related transaction and integration expenses.

Our selling, general and administrative expenses increased in fiscal year 2019 compared to 2018 primarily due to the full year impact of the Convergys acquisition in October 2018, and an increase in acquisition-related and integration expenses to \$70.5 million in fiscal year 2019 from \$37.5 million in 2018. In addition, amortization of intangible assets included in selling, general and administrative expenses increased to \$166.6 million in fiscal year 2019 from \$74.3 million in fiscal year 2018, reflecting the full year impact of the Convergys acquisition. These increases were partially offset by operational efficiencies, primarily synergies resulting from the integration of Convergys. Scale efficiencies resulted in a decrease in selling, general and administrative expenses as a percentage of revenue in fiscal year 2019, compared to fiscal year 2018. If the Convergys acquisition had occurred at the beginning of fiscal year 2018, our selling, general and administrative expenses would have decreased by 6.1% in fiscal year 2019, compared to \$1,547,797 in fiscal year 2018, reflecting cost synergies. The \$1,547,797 comparative amount for fiscal year 2018 reflects the sum of (a) \$765,161 of Convergys selling, general and administrative expenses for the relevant period of fiscal year 2018 prior to the Company's acquisition of Convergys, (b) \$792,792 of Company selling, general and administrative expenses for fiscal year 2018, and (c) adjustments of \$64,142 for incremental amortization of acquisition-related intangibles and \$(74,298) for acquisition-related transaction costs.

Our selling, general and administrative expenses increased, in both amount and as a percentage of revenue in fiscal year 2018 compared to fiscal year 2017, primarily due to the acquisition of Convergys in October 2018, and acquisition-related and integration expenses of \$37.5 million. In addition, amortization of intangible assets included in selling, general and administrative expenses increased to \$74.3 million in fiscal year 2018 from \$64.3 million in fiscal year 2017, reflecting the acquisition of Convergys in October 2018. These increases were partially offset by operational efficiencies. The increase in acquisition-related and integration expenses and amortization of intangibles resulted in an increase in selling, general and administrative expenses as a percent of revenue in fiscal year 2018 as compared to fiscal year 2017. If the Convergys acquisition had occurred at the beginning of fiscal year 2017, our selling, general and administrative expenses would have decreased by 1.8% from \$1,574,996 in fiscal year 2017 to \$1,547,797 in fiscal year 2018, primarily reflecting cost synergies. The \$1,574,996 comparative amount for fiscal year 2017 reflects the sum of (a) \$854,416 of Convergys selling, general and administrative expenses for fiscal year 2017, (b) \$634,531 of Company selling, general and administrative expenses for fiscal year 2017, and (c) adjustments of \$86,049 for incremental amortization of acquisition-related intangibles.

Operating Income

	Fiscal Years Ended November 30,			Percent Change 2019 to 2018	Percent Change 2018 to 2017
	2019	2018	2017		
	(\$ in thousands)				
Operating income	\$294,332	\$144,761	\$114,623	103.3%	26.3%
Operating margin	6.3%	5.9%	5.8%		

Our operating income and operating margin increased during fiscal year 2019, compared to fiscal year 2018, due to the full year impact of the Convergys acquisition and integration synergies achieved during the year. These increases were partially offset by higher acquisition-related and integration expenses and the amortization of intangible assets, as compared to fiscal year 2018.

Our operating income and operating margin increased during fiscal year 2018, compared to fiscal year 2017, due to the Convergys acquisition and integration synergies. These increases were partially offset by increased acquisition-related and integration expenses and increased amortization of intangible assets, as compared to fiscal year 2017.

Interest Expense and Finance Charges, Net

	Fiscal Years Ended November 30,			Percent Change 2019 to 2018	Percent Change 2018 to 2017
	2019	2018	2017		
	(\$ in thousands)				
Interest expense and finance charges, net	\$92,196	\$38,239	\$24,020	141.1%	59.2%
Percentage of revenue	2.0%	1.6%	1.2%		

Amounts recorded in interest expense and finance charges, net, consist primarily of interest on borrowings from SYNEX, interest on convertible debentures assumed in the Convergys acquisition and interest on capital lease obligations. Net interest expense on borrowings from and to SYNEX was \$93,330 in fiscal year 2019 compared to \$38,805 in fiscal year 2018 and \$24,654 in fiscal year 2017.

The increase in our interest expense and finance charges, net in fiscal year 2019, compared to fiscal year 2018, was due to the full year impact of additional borrowings from SYNEX to fund the Convergys acquisition and the convertible debentures that we assumed in the Convergys acquisition that were outstanding for a portion of fiscal year 2019.

The increase in our interest expense in fiscal year 2018, compared to fiscal year 2017, was due to higher interest expense as a result of additional borrowings from SYNEX to fund the Convergys acquisition in October 2018 and the convertible debentures that were assumed in the Convergys acquisition.

Other Income (Expense), Net

	Fiscal Years Ended November 30,			Percent Change 2019 to 2018	Percent Change 2018 to 2017
	2019	2018	2017		
	(\$ in thousands)				
Other income (expense), net	\$ 2,280	\$ 4,386	\$(2,326)	(48.0)%	288.6%
Percentage of revenue	0.1%	0.2%	(0.1)%		

Amounts recorded as other income (expense), net include foreign currency transaction gains and losses, other than cash flow hedges, investment gains and losses, non-service component of pension costs, and other non-operating gains and losses, such as changes in the fair value of convertible debt conversion spread.

Other income (expense), net in fiscal year 2019 was income of \$2.3 million, a change from income of \$4.4 million in fiscal year 2018. The change in other income (expense) was due to the recognition in 2018 of \$10.0 million in gains related to changes in the fair value of the conversion spread of the convertible debentures that we assumed in the acquisition of Convergys and extinguishment gains on the settlement of a portion of those debentures. This decrease in other income (expense) was partially offset by an increase in foreign currency translation gains in 2019.

Other income (expense), net was income of \$4.4 million in fiscal year 2018 a change from expense of \$2.3 in fiscal year 2017. The primary reason for the change was \$10.0 million in gains related to changes in the fair value of the conversion spread of the convertible debentures that we assumed in the Convergys acquisition and extinguishment gains on settlement of a portion of those debentures. Partially offsetting those gains were losses from changes in foreign currency rates and an increase in the non-service component of pension costs due to the acquisition of Convergys in October 2018.

Provision for Income Taxes

	<u>Fiscal Years Ended November 30,</u>			<u>Percent Change 2019 to 2018</u>	<u>Percent Change 2018 to 2017</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>		
	(\$ in thousands)				
Provision for income taxes	\$87,252	\$62,637	\$16,027	39.3%	290.8%
Percentage of income before income taxes	42.7%	56.5%	18.2%		

Income taxes consist of our current and deferred tax expense resulting from our income earned in domestic and international jurisdictions. Although we have been included in the consolidated tax returns of SYNEX in certain jurisdictions, our tax provisions included herein has been recorded as if we had filed our taxes on a stand-alone basis. Income taxes were negatively impacted due to limits to deductions which we do not expect post-separation.

Our income tax expense increased during fiscal year 2019 compared to fiscal year 2018 due to the increase in our income before taxes. The effective tax rate for fiscal year 2019 decreased compared to fiscal year 2018 primarily due to the impact of the reduction in federal income tax rates due to the TCJA and the mix of income earned in different tax jurisdictions. Additionally, the effective tax rate in fiscal year 2019 decreased compared to the rate in fiscal year 2018 due to the discrete impact of a net tax charge of \$22.6 million related to the TCJA in fiscal year 2018. This adjustment included \$30.5 million of transition tax expense for mandatory repatriation, partially offset by \$7.9 million of tax benefit from the remeasurement of our net deferred tax balance to the new U.S. tax rate enacted under the TCJA.

Our income tax expense increased in fiscal year 2018 compared to fiscal year 2017 due to the increase in our income before taxes. The effective tax rate for fiscal year 2018 increased compared to fiscal year 2017 due to non-deductible expenses related to the acquisition of Convergys in October 2018 and the discrete net tax charge of \$22.6 million related to the TCJA in 2018. These increases were partially offset by the reduction in federal income tax rates due to the TCJA and the mix of income earned in different jurisdictions.

Our tax expense in fiscal year 2019 was increased by an adjustment of \$23.8 million (\$33.4 million current tax expense offset by (\$9.6) million deferred tax benefit) to reflect the hypothetical tax impact if Concentrix was not part of SYNEX' U.S. consolidated group and thereby suffered a much higher U.S. foreign tax credit limitation. The offset to the \$23.8 million hypothetical tax expense is reflected in the Parent company investment line of the Equity section of our combined balance sheet. The hypothetical tax expense was applied only to our tax expense in fiscal year 2019 because the hypothetical expense relates to changes to tax law under the TCJA that were not applicable to the Company's tax expense in fiscal year 2018 or 2017.

See Note 12—Income Taxes to the combined financial statements included elsewhere in this information statement for further details.

Certain non-GAAP financial information

In addition to disclosing financial results that are determined in accordance with GAAP, we also disclose certain non-GAAP financial information, including:

- Revenue in constant currency, which is revenue adjusted for the translation effect of foreign currencies so that certain financial results can be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons of our business performance. Revenue in constant currency is calculated by translating the revenue of each fiscal year in the billing currency using their comparable prior year's currency conversion rate. Generally, when the dollar either strengthens or weakens against other currencies, the growth at constant currency rates or adjusting for currency will be higher or lower than growth reported at actual exchange rates.
- Non-GAAP operating income, which is operating income, adjusted to exclude acquisition-related and integration expenses, including related restructuring costs, amortization of intangible assets and share-based compensation.
- Non-GAAP operating margin, which is non-GAAP operating income, as defined above, divided by revenue.
- Adjusted earnings before interest, taxes, depreciation, and amortization, or adjusted EBITDA, which is non-GAAP operating income, as defined above, plus depreciation.
- Adjusted EBITDA margin, which is adjusted EBITDA, as defined above, divided by revenue.
- Non-GAAP net income, which is net income excluding (i) the tax effected impact of acquisition-related and integration expenses, including related restructuring costs, amortization of intangible assets and share-based compensation, and (ii) the net impact of the adjustments related to the TCJA.
- Free cash flow, which is cash flows from operating activities less capital expenditures. We believe that free cash flow is a meaningful measure of cash flows since capital expenditures are a necessary component of ongoing operations. However, free cash flow has limitations because it does not represent the residual cash flow available for discretionary expenditures. For example, free cash flow does not incorporate payments for business acquisitions.

We believe that providing this additional information is useful to the reader to better assess and understand our base operating performance, especially when comparing results with previous periods and for planning and forecasting in future periods, primarily because management typically monitors the business adjusted for these items in addition to GAAP results. Management also uses these non-GAAP measures to establish operational goals and, in some cases, for measuring performance for compensation purposes. These non-GAAP financial measures exclude amortization of intangible assets. Our acquisition activities have resulted in the recognition of intangible assets, which consist primarily of client relationships, technology and trade names. Finite-lived intangible assets are amortized over their estimated useful lives and are tested for impairment when events indicate that the carrying value may not be recoverable. The amortization of intangible assets is reflected in our statements of operations. Although intangible assets contribute to our revenue generation, the amortization of intangible assets does not directly relate to the services performed for our clients. Additionally, intangible asset amortization expense typically fluctuates based on the size and timing of our acquisition activity. Accordingly, we believe excluding the amortization of intangible assets, along with the other non-GAAP adjustments which neither relate to the ordinary course of our business nor reflect our underlying business performance, enhances our and our investors' ability to compare our past financial performance with its current performance and to analyze underlying business performance and trends. Intangible asset amortization excluded from the related non-GAAP financial measure represents the entire amount recorded within our GAAP financial statements, and the revenue generated by the associated intangible assets has not been excluded from the related non-GAAP financial measure. Intangible asset amortization is excluded from the related non-GAAP financial measure because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised. These

non-GAAP financial measure also exclude share-based compensation expense. Given the subjective assumptions and the variety of award types that companies can use when calculating share-based compensation expense, management believes this additional information allows investors to make additional comparisons between our operating results and those of our peers. As these non-GAAP financial measures are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures employed by other companies. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures and should be used as a complement to, and in conjunction with, data presented in accordance with GAAP.

	Nine Months Ended		Fiscal Years Ended November 30,		
	August 31, 2020	August 31, 2019	2019	2018	2017
	(\$ in thousands)				
Revenue	\$3,418,676	\$3,495,076	\$4,707,912	\$2,463,151	\$1,990,180
Foreign currency translation	32,268		53,744	(5,292)	
Revenue in constant currency	\$3,450,944	\$3,495,076	\$4,761,656	\$2,457,859	\$1,990,180
Operating income	\$ 188,554	\$ 192,878	\$ 294,332	\$ 144,761	\$ 114,623
Acquisition-related and integration expenses	23,219	52,431	70,473	37,490	1,057
Amortization of intangibles	110,190	125,181	166,606	74,324	64,252
Share-based compensation	12,031	6,480	10,554	7,740	5,244
Non-GAAP operating income	\$ 333,994	\$ 376,970	\$ 541,965	\$ 264,315	\$ 185,176
Net income	\$ 100,184	\$ 85,294	\$ 117,164	\$ 48,271	\$ 72,250
Interest expense and finance charges, net	39,515	71,970	92,196	38,239	24,020
Provision for income taxes	53,138	38,295	87,252	62,637	16,027
Other (income) expense	(4,283)	(2,681)	(2,280)	(4,386)	2,326
Acquisition-related and integration expenses	23,219	52,431	70,473	37,490	1,057
Amortization of intangibles	110,190	125,181	166,606	74,324	64,252
Share-based compensation	12,031	6,480	10,554	7,740	5,244
Depreciation (excluding accelerated depreciation included in acquisition-related and integration expenses above)	93,331	102,126	134,823	80,274	65,616
Adjusted EBITDA	\$ 427,325	\$ 479,096	\$ 676,788	\$ 344,589	\$ 250,792
Operating margin	5.5%	5.5%	6.3%	5.9%	5.8%
Non-GAAP operating margin	9.8%	10.8%	11.5%	10.7%	9.3%
Adjusted EBITDA margin	12.5%	13.7%	14.4%	14.0%	12.6%
Net income	\$ 100,184	\$ 85,294	\$ 117,164	\$ 48,271	\$ 72,250
Acquisition-related and integration expenses	23,219	52,431	70,473	37,490	1,057
Amortization of intangibles	110,190	125,181	166,606	74,324	64,252
Share-based compensation	12,031	6,480	10,554	7,740	5,244
Income taxes related to the above ⁽¹⁾	(35,973)	(44,665)	(60,118)	(29,903)	(17,924)
U.S. tax reform adjustments	—	—	—	22,626	—
Non-GAAP net income	\$ 209,651	\$ 224,721	\$ 304,679	\$ 160,548	\$ 124,879

- (1) The tax effect of taxable and deductible non-GAAP adjustments was calculated using the tax-deductible portion of the expenses and applying the entity-specific, statutory tax rates applicable to each item during the respective fiscal years.

Liquidity and Capital Resources

Cash Flows – Nine months ended August 31, 2020 and 2019

The following summarizes our cash flows for the nine months ended August 31, 2020 and 2019, as reported in our combined statement of cash flows in the accompanying combined financial statements.

	Nine Months Ended	
	August 31, 2020	August 31, 2019
	(\$ in thousands)	
Net cash provided by operating activities	\$ 388,577	\$ 282,888
Net cash used in investing activities	(116,939)	(106,282)
Net cash used in financing activities	(260,178)	(225,780)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2,121	3,146
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 13,581	\$ (46,028)
Cash, cash equivalents and restricted cash at beginning of year	83,514	127,884
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 97,095</u>	<u>\$ 81,855</u>

Our primary uses of cash are working capital, capital expenditures to expand our delivery footprint and enhance our technology solutions, and acquisitions. Our financing needs for these uses of cash have been a combination of operating cash flows and related party borrowings from SYNEX. Our working capital needs are primarily to finance accounts receivable. When our revenues are increasing, our net investment in working capital typically increases. Conversely, when revenue is decreasing, our net investment in working capital typically decreases. To increase our market share and better serve our clients, we may further expand our operations through investments or acquisitions. We expect that such expansion would require an initial investment in working capital, personnel, facilities, and operations. These investments or acquisitions would likely be funded primarily by our existing cash and cash equivalents, additional borrowings, or the issuance of securities.

Operating Activities

Net cash provided by operating activities was \$388.6 million for the nine months ended August 31, 2020, primarily generated from our net income of \$100.2 million, adjustments for non-cash items of \$216.3 million, an increase in accounts payable of \$7.4 million, and an increase in certain accrued liabilities of \$60.3 million, partially offset by an increase in accounts receivable of \$2.8 million and changes in amounts due to/from SYNEX of \$7.7 million. The adjustments for non-cash items primarily consist of \$203.7 million of depreciation and amortization expense, \$9.6 million of hypothetical current tax expense recorded for separate tax return basis presentation, a \$5.5 million provision for doubtful accounts and share-based compensation of \$11.8 million, partially offset by a deferred tax impact of \$25.7 million.

Net cash provided by operating activities was \$282.9 million for the nine months ended August 31, 2019, primarily generated from our net income of \$85.3 million, adjustments for non-cash items of \$233.5 million, and a decrease in accounts receivable of \$33.0 million. These increases were partially offset by changes in amounts due to/from SYNEX of \$17.5 million, a decrease in accounts payable of \$4.8 million and changes in other operating assets and liabilities of \$51.3 million. The adjustments for non-cash items primarily consist of \$231.7 million of depreciation and amortization expense, \$10.5 million of hypothetical current tax expense recorded for separate tax return basis presentation and \$6.4 million in share-based compensation, partially offset by \$17.7 million in deferred income taxes.

Investing Activities

Net cash used in investing activities for the nine months ended August 31, 2020 was \$116.9 million, primarily for \$106.3 million of capital expenditures to support our growth less repayment received of

\$5.7 million related to a loan to a non-Concentrix subsidiary of Parent as part of its centralized treasury operations and \$4.9 million in payments related to the acquisition of Convergys.

Net cash used in investing activities for the nine months ended August 31, 2019 was \$106.3 million, primarily for \$71.0 million of capital expenditures to support our growth, repayment of a loan of \$26.7 million related to a loan from a non-Concentrix subsidiary of Parent as part of its centralized treasury operations and \$8.6 million in payments related to the acquisition of Convergys.

Financing Activities

Net cash used in financing activities for the nine months ended August 31, 2020 was \$260.2 million, consisting entirely of repayments on borrowings from SYNEX.

Net cash used in financing activities for the nine months ended August 31, 2019 was \$225.8 million, consisting of \$148.0 million in repayments of convertible debentures assumed in the Convergys acquisition and of \$77.8 million of repayments on borrowings from SYNEX.

We believe our current cash balances and credit availability are enough to support our operating activities for at least the next twelve months.

Free Cash Flow (a non-GAAP measure)

	Nine Months Ended	
	August 31, 2020	August 31, 2019
	(\$ in thousands)	
Net cash provided by operating activities	\$ 388,577	\$282,888
Purchases of property and equipment	(106,249)	(70,974)
Free cash flow (a non-GAAP measure)	<u>\$ 282,328</u>	<u>\$ 211,914</u>

Our free cash flow was \$282.3 million for the nine months ended August 31, 2020 compared to \$211.9 million for the nine months ended August 31, 2019. The increase in free cash flow for the nine months ended August 31, 2020 primarily reflects increased net cash provided by operating activities as a result of the increase in net income and decrease in net other operating assets and liabilities for the nine months ended August 31, 2020 as compared to the increase in net operating assets and liabilities for the nine months ended August 31, 2019, partially offset by an increase in capital expenditures to support our growth.

Cash Flows—Years ended November 30, 2019, 2018 and 2017

The following summarizes our cash flows for the three years ended November 30, 2019, 2018 and 2017, as reported in our combined statement of cash flows in the accompanying combined financial statements.

	Fiscal Year Ended November 30,		
	2019	2018	2017
	(\$ in thousands)		
Net cash provided by operating activities	\$ 449,736	\$ 212,323	\$ 168,365
Net cash used in investing activities	(151,014)	(1,150,973)	(138,732)
Net cash provided by (used in) financing activities	(339,639)	951,221	(37,301)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3,453)	(12,446)	4,918
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ (44,370)</u>	<u>\$ 125</u>	<u>\$ (2,750)</u>
Cash, cash equivalents and restricted cash at beginning of year	127,884	127,759	130,509
Cash, cash equivalents and restricted cash at end of year	<u>\$ 83,514</u>	<u>\$ 127,884</u>	<u>\$ 127,759</u>

Our primary uses of cash are working capital, capital expenditures to expand our delivery footprint and enhance our technology solutions, and acquisitions. Our financing needs for these uses of cash have been a combination of operating cash flows and related party borrowings from SYNEX. Our working capital needs are primarily to finance accounts receivable. When our revenues are increasing, our net investment in working capital typically increases. Conversely, when revenue is decreasing, our net investment in working capital typically decreases. To increase our market share and better serve our clients, we may further expand our operations through investments or acquisitions. We expect that such expansion would require an initial investment in working capital, personnel, facilities, and operations. These investments or acquisitions would likely be funded primarily by our existing cash and cash equivalents, additional borrowings, or the issuance of securities.

Operating Activities

Net cash provided by operating activities was \$449.7 million in fiscal year 2019, primarily generated from our net income of \$117.2 million, adjustments for non-cash items of \$343.3 million and a decrease of accounts receivable of \$6.3 million, partially offset by the net change in other assets and liabilities of \$5.0 million. The adjustments for non-cash items primarily consist of \$305.8 million of depreciation and amortization expense, \$33.4 million of hypothetical current tax expense recorded for separate tax return basis presentation and share-based compensation of \$10.4 million.

Net cash provided by operating activities was \$212.3 million in fiscal year 2018, primarily generated from our net income of \$48.3 million, adjustments for non-cash items of \$149.3 million, and changes in amounts due to/from SYNEX of \$67.4 million. These increases were partially offset by a decrease in accounts payable of \$28.1 million, changes in other assets and liabilities of \$16.0 million, and an increase in accounts receivable of \$8.5 million. The adjustments for non-cash items primarily consist of \$154.6 million of depreciation and amortization expense and \$7.7 million in share-based compensation, less \$11.4 million in deferred income taxes and \$10.0 million in convertible debt conversion option fair value adjustments and extinguishment gains.

Net cash provided by operating activities was \$168.4 million in fiscal year 2017, primarily generated from our net income of \$72.3 million, adjustments for non-cash items of \$115.6 million, and changes in other assets and liabilities of \$26.8 million. Partially offsetting these sources of cash were increases in accounts receivable of \$20.0 million, changes in amounts due to/from SYNEX of \$18.7 million and decreases in accounts payable of \$7.5 million. The adjustment for non-cash items consisted of \$129.9 million of depreciation and amortization expense and share-based compensation of \$5.1 million, partially offset by \$18.1 million of deferred taxes.

Investing Activities

Net cash used in investing activities in fiscal year 2019 was \$151.0 million, primarily for capital expenditures to support our growth, \$30.4 million loan to non-Concentrix subsidiary of Parent as part of its operations and \$9.4 million of acquisition-related payments.

Net cash used in investing activities in fiscal year 2018 was \$1,151.0 million, primarily due to \$1,072.3 million in payments for the acquisition of Convergys, net of cash acquired, and \$92.5 million in capital expenditures to support our growth.

Net cash used in investing activities in fiscal year 2017 was \$138.7 million primarily due \$78.7 million in capital expenditures to support our growth and \$57.8 million in payments to acquire Tigerspike, net of cash acquired.

Financing Activities

Net cash used by financing activities in fiscal year 2019 was \$339.6 million, consisting of \$191.6 million in repayments on borrowings from SYNnex and \$148.0 million to redeem the convertible debentures assumed in the Convergys acquisition.

Net cash provided by financing activities in fiscal year 2018 was \$951.2 million, consisting primarily of \$1,277.2 million of borrowings from SYNnex to fund the acquisition of Convergys, net of \$325.9 million of repayments of borrowings from SYNnex.

Net cash used by financing activities in fiscal year 2017 was \$37.3 million, consisting primarily of net repayments of borrowings from SYNnex.

We believe our current cash balances and credit availability are enough to support our operating activities for at least the next twelve months.

Free Cash Flow (a non-GAAP measure)

	Fiscal Year Ended November 30,		
	2019	2018	2017
	(\$ in thousands)		
Net cash provided by operating activities	\$ 449,736	\$ 212,323	\$ 168,365
Purchases of property and equipment	(111,122)	(92,518)	(78,702)
Free cash flow (a non-GAAP measure)	<u>\$ 338,614</u>	<u>\$ 119,805</u>	<u>\$ 89,663</u>

Our free cash flow was \$338.6 million in fiscal year 2019, compared to \$119.8 and \$89.7, in fiscal years 2018 and 2017, respectively. The increase in free cash flow in fiscal year 2019 primarily reflects the full year impact of the Convergys acquisition, partially offset by \$70.5 million in transaction and integration costs. The increase in fiscal year 2018 primarily reflects the acquisition of Convergys in October 2018, partially offset by \$37.5 million in transaction and integration costs.

Capital Resources

Our cash and cash equivalents totaled \$79.7 million and \$123.4 million as of November 30, 2019 and 2018, respectively. Of our total cash and cash equivalents, 94% and 95% was held by our non-U.S. legal entities as of November 30, 2019 and 2018, respectively. Our cash and cash equivalents held by our non-U.S. legal entities are no longer subject to U.S. federal tax on repatriation into the United States. Repatriation of some non-U.S. balances is restricted by local laws. Historically, we have fully utilized and reinvested all non-U.S. cash to fund our international operations and expansion. If in the future our intentions change, and we repatriate the cash back to the United States, we will report in our combined financial statements the impact of the state and withholding taxes depending upon the planned timing and manner of such repatriation. Presently, we believe we have sufficient resources, cash flow and liquidity within the United States to fund current and expected future working capital, investment and other general corporate funding requirements.

We believe that our available cash and cash equivalents balances, the cash flows expected to be generated from operations, and our anticipated sources of liquidity will be sufficient to satisfy our current and planned working capital and investment needs for the next twelve months in all geographies. We also believe that our longer-term working capital, planned capital expenditures, anticipated stock repurchases, dividend payments, and other general corporate funding requirements will be satisfied through cash flows from operations and, to the extent necessary, from our borrowing facilities and future financial market activities.

Debt and Credit Arrangements

Our primary source of financing has historically been intercompany borrowings from SYNnex. At August 31, 2020 and November 30, 2019, the outstanding borrowings from SYNnex totaled \$1,721.2 million and \$1,981.4 million, respectively. An additional source for financing of the acquisition of Convergys in October 2018 was our assumption of outstanding convertible debentures that had been issued by Convergys. At November 30, 2018, the carrying value of the convertible debentures that remained outstanding totaled \$69.8 million. These amounts were repaid in full during fiscal year 2019 and at November 30, 2019, no convertible debentures were outstanding.

Contractual Obligations to Third Parties

Our contractual obligations consist of repatriation tax under the TCJA, which is already recorded on our combined balance sheet. In addition, our contractual obligations include payments for our operating lease arrangements and guarantees. The following table summarizes our contractual obligations at November 30, 2019:

	Payments Due by Period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	> 5 Years
	(in thousands)				
Contractual Obligations:					
Repatriation tax under the TCJA	\$ 51,846	\$ 4,132	\$ 9,544	\$ 14,260	\$ 23,910
Non-cancellable operating leases	675,946	191,384	276,098	145,801	62,663
Total	<u>\$ 727,792</u>	<u>\$ 195,516</u>	<u>\$ 285,642</u>	<u>\$ 160,061</u>	<u>\$ 86,573</u>

As of November 30, 2019, we have established a reserve of \$61.7 million for unrecognized tax benefits. As we are unable to reasonably predict the timing of settlement of these guarantees and the reserve for unrecognized tax benefits, the table above excludes such liabilities. At August 31, 2020, there were no material changes to our contractual obligations as of November 30, 2019.

Certain of SYNnex' subsidiaries, including certain Concentrix legal entities in the United States, jointly and severally guarantee certain of SYNnex' revolving lines of credit and term loans in the United States. All such SYNnex subsidiaries in the United States that are guarantors, including the Concentrix legal entities in the United States that are guarantors, have pledged their assets as security under these loan agreements. As of November 30, 2019, the balance payable by SYNnex under these agreements was \$2.8 billion. The amounts guaranteed by us under these agreements are recorded in our combined financial statements to the extent drawn from the Parent, net of repayments to the Parent. The guarantees by the Concentrix legal entities and the related asset pledges will be terminated or released substantially concurrent with the distribution, and thereafter serve as security for our new senior secured credit facility or, in the case of our receivables and related assets generated by us and certain of our subsidiaries in the United States, as security for our new accounts receivable securitization facility.

Client Concentration

Our largest client accounted for 10%, 21% and 23% of our revenues in fiscal years 2019, 2018 and 2017, respectively, and 11% and 10% of revenue for the nine months ended August 31, 2020 and 2019, respectively. The revenues that we recognize from this client are earned under multiple contracts and statements of work. No other client accounted for more than 10% of our revenues in 2019, 2018 or 2017 and no other client accounted for more than 10% of our revenues for each of the nine months ended August 31, 2020 and 2019.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are and will be exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates and interest rates. Market risk is the potential loss arising from changes in market rates and prices. Our risk management strategy includes managing these risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We utilize derivative financial instruments to hedge economic exposures, as well as reduce earnings and cash flow volatility resulting from shifts in market rates. In using derivative financial instruments to hedge our exposures to changes in exchange rates, we expose ourselves to counterparty credit risk. We manage our exposure to counterparty credit risk by entering into derivative financial instruments with investment grade-rated institutions that can be expected to perform fully under the terms of the agreements and by diversifying the number of financial institutions with which we enter into such agreements. There can be no guarantee that the risk management activities that we have entered into will be sufficient to fully offset market risk or reduce earnings and cash flow volatility resulting from shifts in market rates. See Note 6 of the combined financial statements included elsewhere in this information statement for additional discussion of our financial risk management.

Foreign Currency Risk

While approximately 66% of our revenue is priced in U.S. dollars, we recognize a substantial amount of revenue under contracts that are denominated in euros, British pounds, Australian dollars and Japanese yen, among other currencies. A significant increase in the value of the U.S. dollar relative to these currencies may have a material adverse effect on the value of those services when translated into U.S. dollars.

We serve many of our U.S.-based, European and British clients from our customer experience delivery centers located around the world. As a result, a substantial portion of the costs to deliver these services are denominated in the local currency of the country where the services are performed. This creates a foreign exchange exposure for us. As of August 31, 2020, we have hedged a portion of our exposure related to the anticipated cash flow requirements denominated in certain foreign currencies by entering into hedging contracts with institutions to acquire a total of PHP 29,985.0 million at a fixed price of \$576.2 million at various dates through August 2022; and INR 14,405.0 million at a fixed price of \$187.2 million at various dates through August 2022. The fair value of these derivative instruments as of August 31, 2020 is presented in Note 6 of the combined financial statements included elsewhere in this information statement. The potential loss in fair value at August 31, 2020 for such contracts resulting from a hypothetical 10% adverse change in the underlying foreign currency exchange rates is approximately \$76 million. This loss would be substantially mitigated by corresponding gains on the underlying foreign currency exposures.

Other foreign currency exposures arise from transactions denominated in a currency other than the functional currency. We periodically enter into hedging contracts that are not denominated as hedges. The purpose of these derivative instruments is to protect us against foreign currency exposure related receivable, payables and intercompany transactions that are denominated in currencies that are different from the functional currencies of the company or our respective legal entities. As of August 31, 2020, the fair value of these derivatives not designated as hedges was a net receivable of \$15.3 million.

Interest Rate Risk

Our primary source of financing at August 31, 2020 is our \$1,721.2 million in outstanding borrowings from SYNEX. Our interest rate risk associated with these borrowings reflects the interest rate risk to which SYNEX is exposed on its outstanding external borrowings. Holding other variables constant, including the total amount of outstanding indebtedness, a 100-basis point increase in the interest rate applied to our outstanding indebtedness from SYNEX at August 31, 2020 would have increased our annual interest expense by approximately \$17.2 million. We intend to replace our outstanding borrowings from SYNEX by external sources of financing prior to or substantially concurrent with the separation. We expect that these external sources of financing will expose us to interest rate risk. See "Description of Material Indebtedness."

BUSINESS

Overview

We are a leading global provider of technology-infused Customer Experience (“CX”) solutions, centered on helping our clients enhance the brand experience for their end-customers. We provide end-to-end capabilities that help drive deep customer understanding and engagement. Our solutions facilitate communication between our clients and their customers, provide analytics and process optimization, and support client-centric operations and back-office processing across the enterprise. Our differentiated portfolio of solutions support Fortune Global 500 as well as high-growth companies across the globe in their efforts to deliver an optimized, consistent brand experience across all channels of communication, such as voice, chat, email, social media, asynchronous messaging, and custom applications. We strive to deliver exceptional services globally supported by our deep industry knowledge, technology and security practices, talented people, and digital and analytics expertise.

We offer our clients integrated solutions supporting the entirety of the customer lifecycle; CX and user experience (“UX”) strategy and design; analytics and actionable insights; and innovative new approaches to enhancing the customer experience through the latest technological advancements in our industry. We believe that we are at the forefront of the shift from traditional Customer Relationship Management (“CRM”), which is focused on a portion of the customer lifecycle, to CX, which supports the entirety of it. Through our end-to-end capabilities, we deliver better economic outcomes for our clients with solutions designed to meet their unique needs as they navigate a landscape characterized by discerning consumers and new market entrants.

We have strong relationships with companies across the globe and are a provider of choice for industry leaders. We believe in supporting our clients over the long term to build enduring relationships. Our average client tenure is 15 years. As of today, we serve over 95 Fortune Global 500 clients as well as more than 90 high-growth companies across various verticals and geographies that are attempting to disrupt their respective industries. We primarily support clients in verticals with certain characteristics, such as high growth, high transaction volume, high levels of compliance and security, and steep barriers to entry. Our strategic verticals include technology and consumer electronics, communications and media, retail, travel and ecommerce, banking, financial services and insurance, healthcare, and other. Our clients include:

- 7 of the top 10 global digital companies
- 8 of the top 10 global internet companies
- 6 of the top 10 U.S. health insurance companies
- 4 of the top 5 U.S. banks
- 7 of the top 10 global automotive companies

Through our technology-infused offerings, our clients benefit from having a single resource that enables them to address the entirety of the customer journey from acquisition to support to renewal. Our end-to-end capabilities and broad service offerings help our clients acquire, retain, and improve the lifetime value of their customer relationships while optimizing their back-office processes.

We combine global consistency with local expertise, enhancing the end user experience for our clients’ customers through services rendered by approximately 250,000 employees across more than 275 locations in more than 40 countries and 6 continents, where we conduct business in over 70 languages.

Our revenues for the fiscal year ended November 30, 2019 increased 91.1% from the prior fiscal year to \$4.7 billion, primarily due to the acquisition of Convergys in October 2018. We recorded operating income of \$294 million over the same period with our operating income margin expanding 40 basis points to 6.3%.

Our History

We trace our roots back to 2004 when SYNnex acquired BSA Sales, Inc., a company with 20 employees focused on helping clients through outsourced sales and marketing services. In 2006, SYNnex combined New York-based Concentrix with BSA Sales under the Concentrix name, with the goal of bringing technology and innovation into businesses to help clients reimagine and design the next generation of experiences. As our business evolved, our scope and scale widened to an organization of approximately 250,000 employees in more than 40 countries but our commitment to our philosophy of technology and innovation remained unchanged.

We are one of the fastest growing CX companies globally. From fiscal year 2004 to fiscal year 2012, powered by organic growth, acquisitions, and product expansion, our organization expanded to 7,500 employees and our revenue grew at a compound annual growth rate (CAGR) of approximately 56%. With our acquisition of the IBM CRM business in 2014, we significantly expanded the reach of our Concentrix business to approximately 170 customers in 24 countries. Since 2014, we have continued to make strategic acquisitions that bolstered our offerings, geographic reach, and scale. Our acquisition of Convergys in 2018 represented the largest acquisition in our industry to date, nearly doubling our scale and creating a global customer engagement services company that is a leader in CX solutions capabilities and reach.

Our Market Opportunity

According to International Data Corporation, the global outsourced Customer Experience Management (“CXM”) industry is currently sized at \$79 billion and is estimated to expand at a 4% CAGR over the next three years driven by increased complexity to customer interactions and new digital channel growth. We believe there is considerable room for growth in our sector as only a small portion of the CRM market is outsourced today.

In order to maintain relevancy, our clients must transform their systems in response to increased competition and consumer demands. To meet the evolving needs of their customers, our clients are looking to large CX solutions providers, such as Concentrix, to automate their systems and provide professional support to address complexities beyond the scope of automation. We are a leader in next-generation CX technology driven by a focus on innovation, which we believe will increase our total addressable market as we enter and grow across new and existing markets. Our suite of integrated solutions include: digital services that enable efficient customer self-service; Voice of the Customer (“VOC”) solutions to gather and analyze customer feedback to foster loyalty to, and growth with, clients; analytics, and consulting solutions that synthesize data and provide professional insight to improve clients’ customer experience strategies; Robotic Process Automation (“RPA”) solutions that automate customer engagement processes to reduce client costs; Artificial Intelligence (“AI”) technology that can intelligently act on customer intent to improve customer experience with non-human engagement; support for clients’ engagement with customers across the Internet of Things (“IoT”) and through multiple interconnected channels; Vertical BPO services that provide specialized support to specific industry verticals; and Back Office BPO services that support clients in non-customer facing areas.

Industry Trends

- **Growing Importance of Customer Experience.** We believe customer experience has become a strategic imperative for all enterprises today. Data, analytics, and digital solutions have reshaped the ways firms interact with their customers. As a result, enterprises are modernizing how they manage the customer experience across all channels of communication. The market is evolving from customer relationship management solutions that act as a cost cutting measure, toward end-to-end CX management solutions that create value throughout the entire customer lifecycle at an appropriate cost.
- **Empowered Consumers and Users.** The modern consumer is discerning and has come to expect a high level of care and responsiveness from their service providers. Old paradigms have shifted as increasingly competitive markets and easily accessible crowd-sourced information have empowered consumers to unprecedented levels. As consumers demand more and have an increased amount of

alternatives, companies must differentiate on how they manage their customer relationships. This shift is driving the market toward consumer-centric solutions that limit customer churn and promote brand loyalty.

- **Technological Innovation.** Emerging technology is driving change within our industry and shaping the demands of our clients. Advancements in areas such as Digital Services, RPA, AI and Machine Learning (“ML”) are further disrupting our markets and our clients’ markets while opening new avenues for growth and opportunities for us to better serve our clients. These technologies provide clients the opportunity to interact more effectively with their customers and improve the customer experience by automating processes, optimizing customer journeys to reach faster solutions, enabling personalized engagement across multiple platforms, and focusing human engagement on the most complex interactions.
- **Evolving Role of People.** The skillset required of employees in the CRM and BPO industry is shifting as enterprises place increased importance on CX. Increasing complexity in the voice channel is driving a trend of longer customer engagements requiring CRM and BPO support professionals to have a more robust skill set. The increasing importance of skilled labor in our industry is offset by the transition of low complexity support to online support (self-service), driven by heavy automation and digitization. Despite growth in digital channels, phone conversations currently remain the preferred option for customer services interactions. We believe the human element will continue to be important in our industry, as focus shifts from routine service to “last-mile” support requiring human-touch to deliver a stronger customer experience.
- **Mission Critical Nature of Cybersecurity.** Technological innovation coupled with the proliferation of smart devices and mobile connectivity is generating sensitive data at scale, while at the same time, the avenues for access have become numerous. Data security is paramount in an environment where improper access or carelessness can compromise customers and businesses. Businesses require scalable, industry-leading data protection and security to avoid reputational and operational risks in an environment characterized by the threats and benefits of free-flowing information.
- **Enterprise Preferences Driving Vendor Consolidation.** Enterprises have become increasingly multinational. As their scope of business increases, enterprises require a partner that can serve their needs by rapidly deploying solutions and new technology consistently across multiple geographies and channels. Enterprises therefore prefer vendors with scale and end-to-end capabilities that can be a one-stop shop and are consolidating existing relationships to vendors with scale to achieve their business objectives and pursue cost savings.
- **Market Fragmentation Driving Industry Consolidation.** We operate in a fragmented marketplace characterized by numerous vendors offering services across various levels of the value chain. Currently the top 10 players in CX only hold an approximate 30% market share with the remaining market share held by thousands of other vendors. As client preferences continue to evolve in line with enterprise preferences, we anticipate that our market will undergo further consolidation.
- **Existing Solutions Have Many Limitations.** As executives look to successfully navigate digital transformation and manage their customers’ experience across a wider variety of channels, unsophisticated providers and solutions often fail to meet customers’ needs. Currently there is a limited set of providers with end-to-end, global offerings of scale in the marketplace. The fragmentation of the market and, for many industries, high regulatory hurdles create additional complexity as most providers are small, niche, or local players. These issues are compounded by a lack of sufficient investment in cybersecurity, creating exposure to regulatory, reputational, and operational risks. These pain points, coupled with the prevalence of providers offering legacy solutions that fail to address the demands of the modern consumer, create an opportunity for large-scale, global CX solutions providers.

Our CX Solutions

We offer technology, people and process solutions that help clients enhance the experience for their customers and improve business performance. Our CX solutions encompass four complementary areas: Customer Lifecycle Management; CX/UX Strategy and Design; Digital Transformation; and VOC and Analytics. Through our integrated CX solutions offering, our clients engage us to acquire, support and renew customers, leverage customer feedback and insights to constantly improve business performance, and identify and implement customer-facing and back-office process improvements. We help our clients by creating tools that their customers and employees love to use, enable better customer interactions through real-time sentiment analysis, and integrate multiple customer interactions and touchpoints into one-stop smart mobile applications. We provide these solutions and other complementary services in 70 languages, across 6 continents, from over 275 locations in the Americas, Asia-Pacific and EMEA.

Customer Lifecycle Management. We seek to deliver next-generation customer engagement solutions and services that address the entirety of the customer lifecycle. We offer our clients the means to acquire, support and renew customers across all channels while minimizing attrition and increasing customer lifetime value. Our Customer Lifecycle Management solutions include services such as customer care, sales support, digital marketing, technical support, digital self-service, content moderation, creative design and content production, and back office services. Customer Lifecycle Management represents our core service offering and a significant majority of the services we provide.

In addition to our Customer Lifecycle Management services, we also provide the complementary services described below, which are provided to clients as integrated solutions with our core service offering:

- **CX/UX Strategy and Design.** We strive to help our clients reimagine what great is, designing next generation CX solutions to exceed customer expectations. Our CX/UX Strategy and Design solutions, including CX strategy, data-driven user design, journey mapping, and multi-platform engineering, enable our clients to create effortless, personalized customer engagements and align business priorities around measurable goals. Through these services, we promote a more rapid integration of digital and enabling technologies, providing transformational business services to our clients.
- **Digital Transformation.** We seek to offer cutting edge solutions to reshape how brands better engage with their customers. Our innovative solutions and services are focused on creating disruption to help our clients stay relevant and achieve better business outcomes. Our Digital Transformation solutions include services such as RPA and cognitive automation that automate processes to improve efficiency and accuracy, mobile app development to create new channels of engagement, work at home and gig platforms that capitalize on a changing and flexible workforce, Interactive Voice Response (“IVR”) and natural language understanding solutions that improve outcomes and customer experience with automated responses to verbal interactions, messaging and social platforms that allow clients to engage with customers across myriad platforms, and system integration services.
- **Voice of the Customer and Analytics.** Our VOC solutions turn customer feedback into actionable insights. Our Analytics solutions provide businesses with insight into rapidly changing markets through data, which provides our clients with a competitive edge. Our VOC and Analytics solutions include offerings such as VOC SaaS platform, speech and text insights, sentiment analysis, advanced analytics and real-time reporting.

Our Competitive Strengths

We believe the following strengths differentiate us from our competitors and provide us with a competitive advantage:

- **Extensive Global Presence:** We operate globally in over 40 countries across 6 continents with the ability to conduct business in 70 different languages. We believe we are well-positioned to serve the largest multinational brands in nearly every market in which they operate. Our global footprint includes

a strong presence in emerging markets such as India, China, Brazil, Vietnam, Thailand and Indonesia, which provides an opportunity to grow with our clients in these regions. Our ability to create value for our clients across a global delivery platform has enabled us to be a partner of choice.

- **Market Leader with a Differentiated Brand and Value Proposition:** We believe we have a compelling brand and reputation as a leading provider of technology-infused solutions that shape the customer experience. We have a differentiated combination of global scale, local reach, technological expertise, end-to-end solution capabilities and full lifecycle services. We are widely recognized as a leading provider of CX solutions; garnering industry attention via 84 industry awards in fiscal year 2019. Third-party researchers have also taken note of our leading global practice with Everest Group Research distinguishing us as a leader for the 5th year, as well as naming us a star performer and leader in market impact, with high buyer satisfaction scores.
- **Strong Relationships with a Growing and Diversified Client Base:** We provide customer experience solutions for over 95 Fortune Global 500 brands worldwide. Leading companies worldwide, including more than 90 clients that believe they are disruptors in their industries and over 90 of the Fortune 500, rely upon our solutions and services. We serve a wide variety of clients, extending across numerous verticals, including one of the world's largest ride-sharing companies, a large retail disruptor, a top global airline, a global beverage brand, a leading cloud company, and a major healthcare provider. Our end-to-end capabilities and global scale has enabled us to build long-lasting relationships with our clients spanning over 15 years on average. Our commitment to our clients is our primary focus and has generated numerous accolades to date, including 105 client awards in fiscal year 2019.
- **Continued Investment in Research and Development:** We believe that our investment in technology differentiates us from our competitors. We have provided technology-infused solutions for longer than a decade. We have been at the forefront of developing technology-infused CX solutions that improve the customer experience and will continue to strive for this in the future. We have been a leader in our industry in advancements such as conversational virtual assistants, multichannel and augmented CRM, predictive analytics, emotion analytics, cognitive learning and AI and enjoy a first mover advantage. We are also an industry leader in cybersecurity best practices. We believe our strong focus on innovation has enabled us to maximize value for our clients and made it harder for our competitors to compete with us. Due to our size and scale, and the regular implementation of technology as part of our CX solutions, our costs of developing, maintaining and integrating new technologies are not material on a stand-alone basis.
- **Track Record of Sustainable Organic Growth:** We have a long track record of long-term organic revenue growth, and we believe we will continue to enjoy sustainable growth as a result of:
 - Nature of our offerings
 - Substantial switching costs for our clients
 - High net retention rates
 - Strong barriers to entry in the CX solutions market
 - Large and expanding addressable market
- **Demonstrated History of Strategic Acquisitions.** We have acquired and integrated more than 15 companies since our inception. We have a demonstrated ability to turn around underutilized assets and maximize their value, which we believe allows us to explore a broader scope of opportunities than our peers. In 2018, we acquired Convergys, which enhanced our ability to deliver additional transformation services to our clients with a broader global footprint.
- **Corporate Culture Committed to Our Clients' Success:** Our unified team allows us to deliver consistent and exceptional results. As of August 31, 2020, our team consisted of approximately 250,000 employees globally. We enjoy high staff engagement because of a strong company culture that is fanatical about serving our clients through integrity and bold and disruptive thought.

- **Experienced Management Team:** Our passionate and committed management team is led by industry experts with a deep understanding of our clients' needs. We have a highly talented management team with significant experience in the CX industry, with our top 10 executives having over 140 years of combined service at our company. Through our acquisitions we have benefited from the addition of management talent, who have contributed valuable new perspectives and insights. Under our tenured management team, we have grown our revenue from \$1.1 billion in fiscal year 2014 to \$4.7 billion in fiscal year 2019, while delivering strong profitability.

Our Growth Strategy

The key elements to our growth strategy are:

- **Expand and Deepen Relationships with Existing Clients:** We have a well-established track record of cross-selling and offering additional solutions and premium services to sustain and grow our relationships with our existing clients. We have historically focused on clients with high transaction volume on a recurring basis, fast growing verticals, and large enterprises, and will continue to do so. We believe our scale, efficiency, and technology generates incremental value for our clients with each process we manage, naturally driving our customers to spend more with us. We believe our focus on technology innovation and responding to our clients' needs position us for continued growth.
- **Relentlessly Innovate and Develop New Digital Services and Solutions:** We believe we have developed innovative solutions for our clients, and we are focused on investing in technology. Investment in CX solutions technologies can enable more effective engagement with customers and improve the customer experience through increased automation, optimize customer journeys to reach faster solutions, enable personalized engagement across multiple platforms, and focus human engagement on the most complex interactions. For these reasons, we believe investments in disruptive technologies, applications, and services will continue to be instrumental in driving better value for our clients and result in increased profitability.
- **Further Expand into Adjacent Markets:** Our marketplace continues to expand beyond CRM BPO. We see significant opportunity for growth across adjacent markets. We intend to continue to provide our clients with an integrated offering of solutions that include digital services, VOC solutions, analytics and consulting, RPA solutions, AI technology, IoT solutions, Vertical BPO services and Back Office BPO services. To further capitalize on new market adjacencies, we have made significant investments across emerging technologies such as RPA, AI, ML, VOC, IVR, and IoT, which we believe will enhance our clients' ability to offer personalized, effective engagement in all customer interactions to increase customer satisfaction and promote brand loyalty. As our industry evolves, we will continue to invest in these new and fast growing markets to further sustain long-term growth.
- **Selectively Pursue Strategic Acquisitions:** We have made targeted acquisitions to increase our technology expertise, enter new verticals and geographies, and increase our scale, including the IBM Customer Care Business and Convergys. Our market remains highly fragmented and we believe that our acquisition strategy enhances and augments our growth avenues. We intend to continue to evaluate and pursue complementary, value enhancing acquisitions.
- **Invest in Emerging Markets:** We have invested in delivery operations in emerging, high-growth markets such as India, China, Brazil, Vietnam, Thailand and Indonesia. We expect to continue to invest in similar markets to be well-positioned to serve multinational brands and enable us to grow with our clients in the regions and countries where they are growing.

Our Customers

We serve more than 650 clients across various verticals and geographies. Our strategic verticals include: technology and consumer electronics, communications and media, retail, travel and ecommerce, banking, financial services and insurance, healthcare and other. We focus on developing long-term, strategic relationships

with clients in verticals with certain characteristics, such as high growth, high transaction volume, high levels of compliance and security, and steep barriers to entry.

Our largest client accounted for 10%, 21% and 23% of our revenues in fiscal years 2019, 2018 and 2017, respectively, and 11% and 10% of our revenue for the nine months ended August 31, 2020 and 2019, respectively. The revenues that we recognize from this client are earned under multiple contracts and statements of work. No other client accounted for more than 10% of our revenues in 2019, 2018 or 2017 and no other client accounted for more than 10% of our revenues for each of the nine months ended August 31, 2020 and 2019. We do not believe that the loss of any single customer would have a material adverse effect on the Company and its subsidiaries taken as a whole.

Sales and Marketing

We market our services through a sales force organized by industry vertical and geography. The length of our selling cycle varies depending on the type of engagement. Our efforts may begin in response to our lead generation program, a perceived opportunity, a reference by an existing client, a request for proposal or otherwise. The sales cycle varies depending on the type of services work as well as whether there is an existing relationship with the client.

We have designated client partners or global relationship managers for each of our strategic relationships. The relationship manager is supported by process improvement, quality, transition, finance, human resources, information technology and industry or subject matter expert teams to ensure the best possible solution is provided to our clients.

We also strive to foster relationships between our senior leadership team and our clients' senior management. These "C-level" relationships ensure that both parties are focused on establishing priorities, aligning objectives and driving client value from the top down. High-level executive relationships have been particularly constructive as a means of increasing business from our existing clients. It also provides us with a forum for addressing client concerns. We constantly measure our client satisfaction levels to ensure that we maintain high service levels for each client.

Our Operations

We have global delivery capability which allows us to scale people and other resources from around the world, including language fluency, proximity to clients and time-zone advantages. A critical component of this capability is our more than 275 locations in more than 40 countries throughout the Americas, Asia-Pacific and EMEA. Our delivery centers improve the efficiency of our engagement teams through the reuse of processes, solution designs and infrastructure by leveraging the experience of delivery center professionals. Services are provided from these global locations to customers worldwide in multiple languages. These services are supported by proprietary technology to enable efficient and secure customer contact through various channels including voice, chat, web, email, social media and other digital tools. Many of our delivery centers are PCI DSS (Payment Card Industry Security Standards Council's Data Security Standards) version 3.2.1 certified. Many of our delivery centers are certified to ISO standards. Twenty-eight of our delivery centers around the world are certified to COPC (Customer Operation Performance Center) OSP standard.

We operate a distributed data processing environment that can integrate service delivery center data servers and databases with thirty-nine data centers and point of presence strategically located across the globe. Our technologically-advanced and secured data centers provide availability 24 hours a day, 365 days a year, with redundant power and communication feeds and emergency power back-up, and are designed to withstand most natural disasters.

The capacity of our data center and contact center operations, coupled with the scalability of our customer management solutions, enable us to meet the changing needs of large-scale and rapidly growing companies and

government entities. By employing the scale and efficiencies of common application platforms, we can provide client-specific enhancements and modifications without incurring many of the costs of a full custom application, which positions us as a value-added provider of customer support products and services.

International Operations

Approximately 75% of our revenue is generated by our non-U.S. operations. A key element in our business strategy has been to locate our service delivery contact centers in markets that are strategic to our customer requirements and cost beneficial. We have significant operations in the Philippines and India.

Sales and cost concentrations in international jurisdictions subject us to various risks, including the impact of changes in the value of foreign currencies relative to the U.S. Dollar, which in turn can impact reported sales.

See Note 9 to the combined financial statements included elsewhere in this information statement for additional financial information related to our international and domestic operations.

Seasonality

Our revenue and margins fluctuate with the underlying trends in our clients' businesses. As a result, our revenues and margins are typically the highest in our fourth fiscal quarter.

Information Technology

We invest in IT systems, infrastructure, automation and security to enhance workforce management and improve productivity. Our contact centers can employ a broad range of technology, including digital switching, intelligent call routing and tracking, proprietary workforce management systems, case management tools, proprietary software systems, computer telephony integration, interactive voice response, advanced speech recognition, web-based tools and relational database management systems with embedded security. Our innovative use of technology enables us to improve our voice, chat, web and e-mail handling and personnel scheduling, thereby increasing our efficiency and enhancing the quality of the services we deliver to our clients and their customers. We are able to respond to changes in client call volumes and manage call volume traffic based on agent availability. Additionally, we can use this technology to collect information concerning the contacts, including number, response time, duration and results of the contact and report the information to the client on a periodic basis for purposes of monitoring quality of service and accuracy of billing.

Competition

We operate in a highly competitive and rapidly evolving global marketplace. Our major competitors include Accenture plc, Atento S.A., Cognizant Technology Solutions Corporation, Conduent Inc., ExlService Holdings, Inc., Genpact Limited, Globant S.A., Medallia, Inc., Qualtrics, LLC, Sykes Enterprises Inc., Teleperformance S.A., TTEC Holdings, Inc., Transcosmos Inc., and WNS (Holdings) Limited.

In the future, we may face greater competition due to the consolidation of business process outsourcing providers. Consolidation activity may result in competitors with greater scale, a broader footprint or more attractive pricing than ours. In addition, a client or potential client may choose not to outsource its business, by setting up captive outsourcing operations or by performing formerly outsourced services for themselves, or may switch CX solutions providers.

Employees

As of August 31, 2020, we had approximately 250,000 full-time employees, of which approximately 52,000 were based in the Americas, approximately 173,000 were based in Asia-Pacific, and approximately 25,000 were based in EMEA. Except for a small number of our employees in certain countries, generally required by local

regulations or brought in through acquisitions, our employees are not represented by a labor union, nor are they covered by a collective bargaining agreement. We consider our employee relations to be good.

Properties

Our principal executive offices are located in Fremont, California, and are leased by us. As of November 30, 2019, we occupied more than 275 facilities comprising service and delivery centers and administrative facilities covering approximately 16.6 million square feet, of which approximately 1.3 million square feet was owned and the remainder was leased.

Legal Proceedings

From time to time, we are involved in legal proceedings in the ordinary course of business. We do not believe that these proceedings will have a material adverse effect on the results of our operations, our financial position or the cash flows of our business.

MANAGEMENT

Executive Officers

Set forth below is information, as of October 30, 2020, regarding those persons that we expect will serve as our executive officers following the spin-off and their anticipated positions.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Christopher Caldwell	47	Chief Executive Officer
Andre Valentine	57	Chief Financial Officer
Cormac Twomey	50	Executive Vice President, Global Operations and Delivery
Richard Rosso	57	Executive Vice President, Global Sales and Account Management
Steven Richie	52	Executive Vice President, Legal

Christopher Caldwell, Chief Executive Officer. Chris Caldwell has served as Executive Vice President of SYNEX and President of Concentrix since February 2014. He previously served as President of Concentrix from June 2012 to February 2014, Senior Vice President and General Manager of Concentrix from March 2007 to June 2012, and Senior Vice President, Global Business Development of SYNEX from March 2007 to June 2012. Mr. Caldwell joined SYNEX in 2004 as Vice President, Emerging Business through the acquisition of EMJ Data Systems Ltd.

Andre Valentine, Chief Financial Officer. Andre Valentine has served as Executive Vice President and Chief Financial Officer of Concentrix since October 2018. He previously served as Chief Financial Officer of Convergys Corporation from August 2012 to October 2018, Senior Vice President of Finance, Customer Management of Convergys from 2010 to 2012 and 2002 to 2009, Senior Vice President, Controller of Convergys 2009 to 2010, and Vice President, Controller of Convergys from 1998 to 2002.

Cormac Twomey, Executive Vice President, Global Operations and Delivery. Cormac Twomey has served as Executive Vice President, Global Operations and Delivery of Concentrix since January 2019. He previously served as Chief Commercial Officer of Convergys Corporation from October 2017 to October 2018, Senior Vice President, Operations of Convergys Corporation from January 2017 to October 2017, Senior Vice President, EMEA and Intelligent Contact of Convergys from March 2014 to December 2016, Managing Director of Stream Global Services from 2013 to 2014 and Senior Vice President, Sales and Client Management, EMEA of Stream Global Services from 2011 to 2013.

Richard Rosso, Executive Vice President, Global Sales and Account Management. Rick Rosso has served as Executive Vice President, Global Sales and Account Management of Concentrix since January 2019. He previously served as Executive Vice President, Global Sales, Account Management and Solutions of Concentrix from October 2018 to January 2019 and Senior Vice President, Global Sales and Account Management of Concentrix from February 2014 to October 2018. Prior to that, he spent nearly 30 years at IBM, most recently as General Manager, Business Process Outsourcing from May 2013 to our acquisition of the IBM CRM business in January 2014.

Steven Richie, Executive Vice President, Legal. Steve Richie has served as Executive Vice President, Legal of Concentrix since February 2020 after serving as Executive Vice President, Legal and People Solutions from October 2018 to February 2020. He previously served as Senior Vice President, Legal, Human Resources and Corporate Development of Concentrix from September 2016 to October 2018 and Senior Vice President, Legal of Concentrix from August 2015 to September 2016. Prior to that, he was Vice President, General Counsel and Corporate Secretary of Annie's Inc. from 2014 to July 2015, and Vice President and Senior Counsel of SYNEX from 2008 to 2014.

BOARD OF DIRECTORS

Set forth below is information, as of October 30, 2020, regarding those persons that we expect will serve on the Concentrix board of directors following the spin-off. The nominees identified will be presented to SYNnex, Concentrix' sole stockholder, for election prior to the spin-off.

<u>Name</u>	<u>Age</u>	<u>Title</u>
Christopher Caldwell	47	Director
Teh-Chien Chou	62	Director
LaVerne Council	58	Director
Jennifer Deason	45	Director
Kathryn Hayley	62	Director
Kathryn Marinello	64	Chair of the Board
Dennis Polk	54	Director
Ann Vezina	57	Director

Each member of our board of directors will serve until their successors are duly elected and qualified or until their earlier death, resignation, disqualification or removal. The authorized number of directors may be changed by resolution of the board of directors. Vacancies on the board of directors can be filled by resolution of the board of directors.

Christopher Caldwell. Mr. Caldwell's biographical information is set forth in this information under "Management." As our Chief Executive Officer and the leader of the business for more than 12 years, Mr. Caldwell has extensive knowledge of the industry and is uniquely qualified to understand the opportunities and challenges facing Concentrix.

Teh-Chien Chou. T.C. Chou has served as the President of Harbinger Venture Management Co., Ltd., a venture capital firm, since January 2000. He has also served on the boards of directors of several companies listed on the Taiwan Stock Exchange, including Synnex Technology International Corp. since 2000, Getac Technology Corp since 2009, and Intech Biopharma Ltd. since 2014. Dr. Chou holds a Bachelor of Science from National Taiwan University, a Master of Business Administration from Wharton Business School at the University of Pennsylvania, and a Ph.D. from Rutgers University. Dr. Chou was chosen to serve on our board due to his strong background in finance and his substantial experience with public company boards of directors, including several technology-focused companies.

LaVerne Council. LaVerne Council has been the Chief Executive Officer of Emerald One, LLC, a consulting company focused on helping business and technology organizations transform through digital change, since November 2019. Prior to that, she was Managing Principal for Grant Thornton LLP from December 2017 to October 2019. She served as a Senior Vice President for the MITRE Corporation from April 2017 to December 2017 and as the Assistant Secretary for Information & Technology and Chief Information Officer for the U.S. Department of Veteran Affairs from July 2015 to January 2017. Ms. Council has also served as the Corporate Vice President and Global Chief Information Officer for Johnson & Johnson from 2006 to 2011 and in several roles of increasing responsibility at DELL, Inc. from 2000 to 2006, most recently as the Global Vice President, Information Technology, Global Business Solutions, and Development Services. Ms. Council has served on the board of directors of ConMed Corporation (NYSE: CNMD) since 2019. Ms. Council holds a Master of Business Administration from Illinois State University and a Bachelor of Business Administration from Western Illinois University. Ms. Council was chosen to serve on our board due to her strong background in information technology and expertise with leading transformational change.

Jennifer Deason. Jennifer Deason has been the Chief Financial Officer and Chief Business Officer for the dtx company, a leader in creating technology-enabled systems connecting consumers to brands since May 2019. From 2016 to 2018, Ms. Deason served as Executive Vice President, Head of Strategy and Business Development for Sotheby's. She served as Chief Financial Officer of the Weather Channel from 2014 to 2016

and was an Executive Vice President with Bain Capital from 2008 to 2014. While at Bain, Ms. Deason served in several interim operating roles such as President, Chief Marketing Officer and Chief Financial Officer and was a board member of several portfolio companies. Ms. Deason has served on the board of directors of DHI Group (NYSE: DHX) since July 2016. She holds a Master of Business Administration from Stanford University and a Bachelor of Arts from Yale University. Ms. Deason was chosen to serve on our board due to her experience with consumer-focused, technology-enabled businesses and her strong background in financial and operating roles, including her experience as a Chief Financial Officer.

Kathryn Hayley. Kathryn Hayley has been the Chief Executive Officer of Rosewood Advisory Services, LLC, a business advisory services firm, since 2015. Previously, Ms. Hayley served as an Executive Vice President of UnitedHealthcare (a subsidiary of UnitedHealth Group, Inc.) from 2012 to 2015. From 2006 to 2012, she served as an executive of Aon plc, including as Chief Executive Officer of Aon Consulting Worldwide and Aon Hewitt Consulting Americas. Prior to her service at Aon, Ms. Hayley was an information technology partner at Deloitte Consulting LLP and led the U.S. financial services practice. Ms. Hayley has served on the boards of directors of First Midwest Bancorp Inc. (Nasdaq: FMBI) since 2016 and Alight Solutions, LLC since 2018. Ms. Hayley holds a Bachelor of Science from Illinois State University and a Master of Business Administration from the Kellogg School of Management at Northwestern University. Ms. Hayley was chosen to serve on our board due to her strong background in information technology, financial services and talent management and her extensive experience as a public company leader.

Kathryn Marinello. Kathryn Marinello served as the President and Chief Executive Officer and a director of Hertz Global Holdings (NYSE: HTZ) (“Hertz”) from January 2017 through May 2020. Ms. Marinello previously served as a Senior Advisor of Ares Management LLC, a global alternative asset manager, from March 2014 to December 2016, and as Chair, President and Chief Executive Officer of Stream Global Services, Inc., a business process outsourcing service provider, from 2010 to March 2014. Ms. Marinello served as Chair, Chief Executive Officer and President of Ceridian Corporation, a provider of human resources software and services, from 2006 to 2010, and in several senior roles at General Electric Co. from 1997 to 2006. Ms. Marinello has served as a director of Volvo Group since 2014. She previously served as a member of the boards of directors of The Nielsen Company B.V. (2014-2017), General Motors Company (NYSE: GM) (2007-2016), and RealPage, Inc. (Nasdaq: RP) (2015-2017). In May 2020, Hertz filed voluntary petitions for relief under chapter 11 of title 11 of the U.S. Bankruptcy Code following the impact of the COVID-19 pandemic on travel demand. Ms. Marinello holds a Master of Business Administration from Hofstra University and a Bachelor of Arts from State University of New York at Albany. Ms. Marinello was chosen to serve on our board due to her extensive leadership experience, including on several public company boards of directors, and her strong background with the consumer services, technology and BPO industries.

Dennis Polk. Dennis Polk has served as the President and Chief Executive Officer of SYNEX since March 2018 and as a member of the SYNEX board of directors since February 2012. Mr. Polk joined SYNEX in 2002 as Senior Vice President of Corporate Finance and in the same year became Chief Financial Officer. In 2006, he was promoted to Chief Operating Officer and served in that capacity until he became President and Chief Executive Officer. Mr. Polk has served on the Board of Directors of Terreno Realty Corporation (NYSE: TRNO) since 2010. At Terreno, Mr. Polk serves as Chair of the Compensation Committee. As the Chief Executive Officer of SYNEX, Mr. Polk has deep knowledge of the Concentrix business and its industry. He also brings to our board his leadership skills and a strong background in finance, operations and distribution.

Ann Vezina. Ann Vezina has served as a member of the board of directors of SYNEX since February 2017. From July 2013 to August 2015, Ms. Vezina served as Corporate Vice President, Human Resources for Xerox Business Services, LLC. From February 2010 to July 2013, she was Corporate Vice President and Chief Operations Officer for Xerox Business Services. Previously, she served as Executive Vice President and Group President, Commercial Solutions for Affiliated Computer Services, Inc. (ACS) before the acquisition of ACS by Xerox Corporation in 2010. Ms. Vezina began her career with Electronic Data Systems. Ms. Vezina holds a Bachelor of Science in business administration from Central Michigan University. As a director of SYNEX

since 2017, Ms. Vezina has a strong background with the Concentrix business. She also has extensive experience in the BPO industry and with personnel management.

Director Independence

Our Corporate Governance Guidelines provide that a majority of our board of directors will consist of independent directors. These standards are available on our website at www.concentrix.com. Our director independence standards reflect the corporate governance listing standards of The Nasdaq Stock Market LLC (“Nasdaq”). In addition, each member of the audit committee of the board of directors (the “Audit Committee”) is expected to meet the heightened independence standards required for audit committee members under the applicable listing standards, and each member of the compensation committee of the board of directors (the “Compensation Committee”) is expected to meet the heightened independence standards required for compensation committee members under the applicable listing standards. Our board of directors will assess on a regular basis, and at least annually, the independence of directors and, based on the recommendation of the nominating and governance committee of the board of directors (the “Nominating and Governance Committee”), will make a determination as to which members are independent.

Compensation Committee Interlocks and Insider Participation

During our fiscal year ended November 30, 2019, Concentrix was not an independent company and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who served as our executive officers for that fiscal year were made by SYNEX, as described in the section of this information statement captioned “Executive Compensation.”

Corporate Governance

We expect that our board of directors will fully implement our corporate governance initiatives at or prior to the time of the spin-off. We believe these initiatives will comply with the rules and regulations of the SEC adopted thereunder, as well as with the Nasdaq listing standards. After the spin-off, our board of directors will continue to evaluate, and improve upon as appropriate, our corporate governance principles and policies.

Our board of directors intends to adopt Corporate Governance Guidelines in connection with the spin-off, and also intends to adopt a code of ethics and business conduct that applies to each of our directors, officers and employees. The code will address various topics, including:

- compliance with laws, rules and regulations;
- conflicts of interest;
- insider trading;
- corporate opportunities;
- competition and fair dealing; and
- payments to government personnel.

Upon completion of the spin-off, the code of ethics and business conduct will be posted on our website. Our Audit Committee also intends to implement whistleblower procedures by establishing formal procedures for receiving and handling complaints from employees that will require that any concerns regarding accounting or auditing matters reported under these procedures be communicated promptly to the audit committee.

Board Committees

Pursuant to our bylaws, our board of directors is permitted to establish committees from time to time as it deems appropriate. Initially, to facilitate independent director review and to make the most effective use of the directors’ time and capabilities, our board of directors will establish the following committees: audit committee,

nominating and corporate governance committee and compensation committee. The intended membership and functions of each committee are described below:

Audit Committee

Teh-Chien Chou, LaVerne Council and Jennifer Deason are expected to be the members of the Audit Committee. Mr. Chou is expected to be the Chair of the Audit Committee. Our board of directors is expected to determine that at least one member of the Audit Committee is an “audit committee financial expert” for purposes of the rules of the SEC. In addition, we expect that our board of directors will determine that each Audit Committee member is independent, as defined by the Nasdaq listing standards and Section 10A(m)(3) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance with our Corporate Governance Guidelines, and that each member has satisfied the Nasdaq financial literacy requirements.

The Audit Committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control, and legal compliance functions by approving the services performed by our independent registered public accountants and reviewing their reports regarding our accounting practices and systems of internal accounting controls. The Audit Committee oversees the audit efforts of our independent registered public accountants and takes those actions as it deems necessary to satisfy itself that the accountants are independent of management. The Audit Committee also has oversight responsibility for our risk assessment and management activities, including with respect to information technology, cybersecurity and privacy.

Compensation Committee

Kathryn Hayley, LaVerne Council and Ann Vezina are expected to be the members of the Compensation Committee. Ms. Hayley is expected to be the Chair of the Compensation Committee. Our board of directors is expected to determine that each member of the Compensation Committee is independent, as defined by the Nasdaq listing standards and in accordance with our Corporate Governance Guidelines. In addition, we expect that the members of the Compensation Committee will qualify as “non-employee directors” for purposes of Rule 16b-3 under the Exchange Act. The Compensation Committee reviews and determines our general compensation policies and the compensation provided to our officers, including targets for annual and long-term bonus plans. In addition, the Compensation Committee reviews, administers, and approves equity-based compensation for our officers and employees and administers our equity incentive plan and employee stock purchase plan.

The Compensation Committee is responsible for overseeing human capital and compensation risks, including evaluating and assessing risks arising from our compensation policies and practices for all employees and ensuring executive compensation is aligned with performance. To assist in satisfying these oversight responsibilities, the Compensation Committee is authorized to retain its own compensation consultant and meets regularly with management to understand the financial, human resources and stockholder implications of compensation decisions being made.

Nominating and Governance Committee

Ann Vezina, Teh-Chien Chou, Jennifer Deason and Kathryn Hayley are expected to be the members of the Nominating and Governance Committee. Ms. Vezina is expected to be the Chair of the Nominating and Governance Committee. Our board of directors is expected to determine that each of the members of the Nominating and Governance Committee is independent, as defined by the Nasdaq listing standards and in accordance with our Corporate Governance Guidelines. The Nominating and Governance Committee is responsible for making recommendations to the board of directors regarding candidates for directorships and the size, director qualifications, and composition of the board of directors, director compensation, including equity compensation, and for overseeing our corporate governance guidelines and reporting and making recommendations to the board of directors concerning corporate governance matters. In addition, the Nominating

and Governance Committee is responsible for considering director nominations by stockholders. The Nominating and Governance Committee oversees risks related to our overall corporate governance, including board of directors and committee composition, the size and structure of the board of directors, director independence, and our corporate governance profile and ratings. The Nominating and Governance Committee also is actively engaged in overseeing risks associated with succession planning for the board of directors and management.

Communications with the Board of Directors

The board of directors has established a process for stockholders and other interested persons to send communications to directors. Stockholders who wish to communicate with the Concentrix board of directors as a whole or to non-management directors, may send communication in writing to: Teh-Chien Chou, Chair of the Audit Committee, Concentrix Corporation, 44111 Nobel Drive, Fremont, California 94538 or Allison Leopold Tilley, Pillsbury Winthrop Shaw Pittman LLP, 2550 Hanover Street, Palo Alto, California 94304. Stockholders must include their name and address in the written communication and indicate whether they are a stockholder of Concentrix or other interested person. Mr. Chou and Ms. Leopold Tilley will review any communication received from a stockholder or other interested person, and all material communications from stockholders or other interested persons will be forwarded to the appropriate director or directors or board of directors committee based on the subject matter.

BOARD COMPENSATION

Following the spin-off, we anticipate that our Nominating and Governance Committee will review and make recommendations to our board of directors concerning director compensation. Our objective for our initial director compensation is to provide our directors with a fair compensation package that is tied to the services they will perform as well as to the performance of the company.

We expect that our initial director compensation program will consist of an annual retainer, committee chair retainers and a long-term equity compensation component, which is expected to consist of restricted stock grants.

Retainer and Fees

We expect the cash portion of our non-employee director compensation to initially be at the following rates:

Annual retainer	\$ 80,000
Additional annual retainer for Chair	\$ 150,000
Additional annual retainer for Chair of the Audit Committee	\$ 20,000
Additional annual retainer for Chair of the Compensation Committee	\$ 20,000
Additional annual retainer for Chair of the Nominating and Governance Committee	\$ 20,000

Other Payments or Benefits

We expect our non-employee directors will receive an annual grant of restricted stock valued at \$100,000 that will be granted on or shortly following the date of the annual meeting of stockholders and will vest on the earlier of one year following the date of grant and one day prior to the next annual meeting of stockholders. Our initial non-employee directors are expected to receive a prorated grant of restricted stock on or shortly following the distribution date based on the number of days from the date of such directors' initial appointment through March 17, 2021, the anniversary of the SYNEX 2020 annual meeting of stockholders. We will provide coverage for directors under a director and officer liability insurance policy. We will also reimburse directors for their reasonable out-of-pocket expenses for attending meetings of the board of directors and its committees and educational seminars and conferences in accordance with a director education program.

Stock Ownership Guidelines

We anticipate that our board will adopt stock ownership guidelines that require each non-employee director to own beneficially a minimum number of shares of our common stock to promote and increase such ownership and to further align their interests with those of our stockholders.

EXECUTIVE COMPENSATION

Introduction

As discussed above, Concentrix is currently part of SYNEX and not an independent company, and the Compensation Committee is not expected to begin meeting until after the spin-off. Historically, our employees have participated in the compensation and benefit programs of SYNEX and its subsidiaries. Therefore, except as otherwise indicated, the below Compensation Discussion and Analysis describes the compensation practices of SYNEX as they relate to certain individuals who are expected to be appointed as executive officers of Concentrix. After the spin-off, Concentrix' executive compensation program, policies, and practices for its executive officers will be subject to the review and approval of the Compensation Committee.

For purposes of the following Compensation Discussion and Analysis and the tabular executive compensation disclosures that follow, the individuals listed below are referred to collectively as Concentrix' "named executive officers" or "NEOs." They are Concentrix' chief executive officer, chief financial officer and, of the individuals who are expected to be designated as executive officers, the three most highly compensated based on the fiscal year ended November 30, 2019 (other than the chief executive officer and chief financial officer).

<u>Name</u>	<u>Position</u>
Christopher Caldwell	Chief Executive Officer
Andre Valentine	Chief Financial Officer
Cormac Twomey	Executive Vice President, Global Operations and Delivery
Richard Rosso	Executive Vice President, Global Sales and Account Management
Steven Richie	Executive Vice President, Legal

Additional information regarding the members of Concentrix' management who will be designated as executive officers is set forth in the section of the information statement captioned "Management—Executive Officers."

We expect that immediately following the spin-off, the Concentrix executive compensation program, policies, and practices will be substantially similar to those employed at SYNEX, as described below. The Compensation Committee will review the executive compensation program, policies, and practices and will make adjustments as appropriate over time in order to meet the company's particular business needs and goals.

The following Compensation Discussion and Analysis describes SYNEX' general compensation philosophy, policies, and practices as they applied to Concentrix' NEOs during the fiscal year ended November 30, 2019. We have noted where certain elements of SYNEX' executive compensation program did not apply to one or more of the NEOs employed by Concentrix in the fiscal year ended November 30, 2019.

Compensation Discussion and Analysis

Objectives and Philosophy of the SYNEX Compensation Program

The SYNEX compensation philosophy is to pay for performance as well as to offer competitive compensation in order to attract and retain talented executive officers. With respect to "pay for performance," the SYNEX program is designed to align the interests of its executive officers with those of its stockholders, for whom they work. As a result, a significant portion of our named executive officers' total compensation depends on the each individual's performance relative to operational and financial objectives. In particular, in determining total compensation, SYNEX stresses a compensation philosophy that is performance-driven with relatively moderate base salaries, but high variability through a Management Incentive Plan and equity compensation. SYNEX believes that total compensation should reflect some level of risk associated with the performance of the business. As a result, a substantial portion of our named executive officer's total compensation is in the form of profit sharing and equity grants.

SYNNEX believes that the compensation of its executive officers should reflect their success as a management team, as well as individuals, in attaining key operating objectives, such as growth of sales, growth of operating earnings and earnings per share, return on invested capital, growth or maintenance of market share, long-term competitive advantage, and ultimately, in attaining an increased market price for the SYNNEX common stock. SYNNEX believes that the performance of executive officers in managing the business, considered in light of general economic conditions, its company and industry, and competitive conditions, should be the basis for determining their overall compensation.

SYNNEX also believes that the compensation of its executive officers should not be based on the short-term performance of its stock, whether favorable or unfavorable, as the trading price of the stock will, in the long-term, reflect the business' operating performance, and ultimately, the management of SYNNEX by its executive officers. Following the separation and distribution, we will seek to have the long-term performance of our stock reflected in executive compensation through our equity incentive programs.

Competitive compensation is important to attract and retain the talent necessary to lead the company in the competitive and changing business environment in which we operate. In this regard, SYNNEX is mindful of the median level of compensation of our competitors as well as of the median level of compensation in the local area in which an individual is located. SYNNEX strives for internal equity among employees according to job responsibilities, experience, capability, and individual performance. The SYNNEX executive compensation program impacts all employees by setting general levels of compensation and helping to create an environment of goals, rewards and expectations. As SYNNEX believes the performance of every employee is important to its success, SYNNEX is mindful of the effect that its executive compensation and incentive program has on all of its employees.

The SYNNEX compensation philosophy emphasizing performance permeates total compensation for both executive officers and non-executive employees. While SYNNEX does not have an exact formula for allocating between cash and non-cash compensation, SYNNEX tries to balance long-term equity versus short-term cash compensation and variable compensation versus fixed compensation. Executive officers who have greater ability to influence the performance of the business receive more long-term equity as a percentage of total compensation than non-executive employees who have less ability to influence the performance of the business. Similarly, performance-related cash compensation for executive officers as a percentage of total compensation is greater than performance-related cash compensation of non-executive employees. The goal is to create a balanced culture of high performance without undue risk assumption.

Elements of the SYNNEX Compensation Program

SYNNEX has implemented an executive compensation program that consists of four compensation components:

- (1) base salary;
- (2) Management Incentive Plan bonus;
- (3) equity grants; and
- (4) performance-based, long-term incentives (LTI).

The compensation elements are usually administered in three cycles. Merit raises for base salaries are generally performed in the April-May period. Annual equity grants in the form of stock options, restricted stock awards or restricted stock units (RSUs), other than LTI awards, are generally awarded in the September-October period. Management Incentive Plan bonuses are generally paid in the December-January period and LTI awards in the form of performance-based RSUs are generally granted in the January-February period. However, all of the above elements are reviewed and determined on at least an annual basis.

Since Mr. Caldwell was an executive officer of SYNEX in 2019, the SYNEX Compensation Committee was responsible for decisions regarding his compensation, as provided in its charter. Our other named executive officers were not executive officers of SYNEX, and Mr. Caldwell, generally in consultation with Dennis Polk, the President and Chief Executive Officer of SYNEX, was responsible for decisions regarding their compensation consistent with the overall design of the SYNEX compensation program.

The components of the compensation program for our named executive officers are described as follows:

Base Salary. Base salaries are designed to provide a consistent cash flow throughout the year as compensation for day-to-day responsibilities. Base salaries are reviewed and, if deemed appropriate, adjusted on an annual basis. Merit increases are based on, among other things, individual performance, any new responsibilities assumed and the magnitude of our merit increase budget for the year. With respect to each named executive officer's individual performance, we assess the breadth and complexity of an individual's responsibilities and contributions and seek to quantify the same. Determination of base salary is not made in accordance with a strict formula that measures weighted qualitative and quantitative factors, but rather is based on objective data synthesized to competitive ranges and to internal policies and practices.

Management Incentive Plan. Management Incentive Plan bonuses reward individuals for achieving operating and financial goals, in keeping with a performance-driven environment conducive to increasing stockholder value. Bonuses granted to our named executive officers under the SYNEX Management Incentive Plan are based upon both qualitative and quantitative considerations. The SYNEX Compensation Committee established in writing specific performance goals for Mr. Caldwell, which must be achieved in order for an award to be earned under the Management Incentive Plan for that fiscal year. Performance goals under the Management Incentive Plan may be based upon any one or more of the following: net income per share, revenue, cash flow, earnings per share, return on equity, total stockholder return, share price performance, return on capital, return on assets or net assets, income or net income, operating income or net operating income, operating profit or net operating profit, operating margin or profit margin, return on operating revenue, return on invested capital, sales productivity, sales growth, market segment share or similar financial performance measures as may be determined by the SYNEX Compensation Committee. The SYNEX Compensation Committee set reasonably stringent minimum Management Incentive Plan hurdles and performance metrics. The SYNEX Compensation Committee is also authorized to recoup any bonuses or portion thereof to mitigate the potential for undue risk assumption.

Mr. Caldwell's Management Incentive Plan bonus for fiscal year 2019 was based upon the achievement of certain EBITDA performance goals by the Concentrix business. He was not eligible for a bonus unless we met or exceeded the minimum threshold percentage of the EBITDA performance goals. In 2019, the minimum threshold percentage was 75% and the maximum percentage was 133.3%. The actual bonus payable, if the applicable minimum threshold percentages was met, was paid on a sliding scale of the target performance actually achieved based upon a certain percentage of Mr. Caldwell's annual base salary for the applicable fiscal year.

Management Incentive Plan bonuses for our other named executive officers were determined by Mr. Caldwell based on Concentrix' performance with respect to revenue, EBITDA, and operating income margin, as well as each individual's annual performance and contributions to our success. While each such named executive officer had a target award based on a percentage of the individual's base salary, the award did not have fixed threshold and maximum percentages.

For fiscal 2019, our named executive officers were eligible to receive a Management Incentive Plan bonus based on the following approximate percentages of their respective fiscal year base salaries:

<u>Name</u>	<u>Minimum Payment (if Threshold is Met) as Percentage of Base Salary(1)(%)</u>	<u>Target Payment as Percentage of Base Salary(1)(%)</u>	<u>Maximum Payment as Percentage of Base Salary(1)(%)</u>
Christopher Caldwell	100	200	300
Andre Valentine	—	90	—
Cormac Twomey	—	100	—
Richard Rosso	—	75	—
Steven Richie	—	60	—

(1) The applicable base salary is each officer's then-current base salary at the end of the fiscal year.

Actual awards under the Management Incentive Plan may be more or less than the applicable targets depending upon Concentrix performance, as well as the named executive officer's individual performance. For fiscal year ended November 30, 2019, based on the performance of our business and each individual's contributions, our named executive officers received the following Management Incentive Plan bonuses:

<u>Name</u>	<u>Management Incentive Plan Bonuses</u>
Christopher Caldwell	\$ 1,307,543
Andre Valentine	\$ 443,215
Cormac Twomey	\$ 454,560
Richard Rosso	\$ 377,500
Steven Richie	\$ 201,500

Equity Grants. Long-term incentives involve equity grants and performance retention grants, including restricted stock awards, RSUs and stock options. Restricted stock and RSUs help us to retain key personnel, whereas stock options provide incentive for creating incremental stockholder value. The value of equity grants and performance retention grants derives from stock price, which aligns executive compensation with stockholder value.

Equity grants are based on a number of considerations, including:

- job responsibilities and past performance;
- likely future contributions;
- potential reward to the individual if the stock price appreciates in the public market;
- management tier classification;
- equity grants made by competitors; and
- existing vested and unvested equity holdings.

Determination of equity grant amounts is not made in accordance with a strict formula that measures weighted qualitative and quantitative factors or by reference to specific fixed targets, but rather is based on objective data synthesized to competitive ranges and to internal policies and practices, including an overall review of both employee and corporate performance and the value of equity grants of comparable officers at comparable companies. SYNEX evaluates its corporate performance objective primarily by financial performance, including growth, return on equity, return on invested capital, and diluted earnings per share. SYNEX also distinguishes between equity grants of stock options, restricted stock awards or RSUs based upon an officer's position. SYNEX believes that stock options carry more risk than restricted stock. As such,

SYNNEX expects certain officers with the most direct impact on its overall performance to accept more equity risk and their grants are more heavily weighted towards stock options rather than restricted stock awards or RSUs. In this regard, Mr. Caldwell was the only one of our named executive officers to receive a stock option grant in 2019.

To avoid any impropriety or even the appearance of such, the SYNNEX Compensation Committee in most cases makes equity grants only during open trading windows. If the date of an equity grant falls within a trading black-out period, then the effective grant date is upon the expiration of the third trading day after the trading black-out period ends. The exceptions to this standard procedure are the granting of Long-Term Incentive RSUs, which are valued as of the first business day of the fiscal year, and the granting of equity awards to new employees, which are granted as of the date employment begins. The exercise price for all stock option grants is the market closing price of SYNNEX common stock on the effective grant date. Annual equity grants to our named executive officers are generally awarded each year in the September-October period. SYNNEX believes that the automatic and consistent nature of its equity grant process avoids the possibility of timing deviations.

Performance-Based, Long-Term Equity Incentives. The SYNNEX LTI program, currently implemented through its 2013 Stock Incentive Plan, is designed to provide long-term retention incentives, and also to create an alignment between the interests of SYNNEX executive officers and those of its stockholders because appreciation in the stock price of SYNNEX shares will benefit both its executive officers and its stockholders. Under the SYNNEX 2013 Stock Incentive Plan, the SYNNEX Compensation Committee may grant LTI awards that require, as a condition to vesting, the attainment of one or more performance targets specified by the SYNNEX Compensation Committee from the list of possible financial and operational performance metrics specified in the plan.

For 2019, the LTI award granted to Mr. Caldwell, as a SYNNEX executive officer, was comprised of performance-based RSU grants. Mr. Caldwell received a grant of performance-based RSUs that cliff vest based upon (1) the achievement of certain threshold EPS target performance percentages and (2) the achievement of certain ROIC performance percentages with both performance metrics measured over a three-year period. In determining the EPS target performance metrics, SYNNEX focused upon growth, return on equity, ROIC, and EPS. The minimum threshold EPS target performance percentage is 75% and the maximum target performance percentage is 166.7%. If the minimum threshold target performance percentage of the internally established EPS goal is not achieved, no performance-based RSUs vest for Mr. Caldwell, regardless of the achievement of the ROIC performance metrics. The minimum threshold target performance percentage is based on the previous year's EPS plus a reasonable, three-year "stretch" goal taking into account the then current economic environment. Alternatively, if the maximum target performance percentage of the internally established EPS goal is exceeded, no incremental performance-based RSU vesting beyond the maximum award benefits Mr. Caldwell.

The dollar value of Mr. Caldwell's LTI award was based upon one-third of his target Management Incentive Plan award for the 2019 fiscal year. The actual number of performance-based RSUs, if the applicable minimum threshold percentage is met, vest on a sliding scale of the target EPS performance percentage actually achieved and the dollar limits pre-established by the SYNNEX Compensation Committee. This amount is then adjusted by the percentage increase or decrease corresponding with SYNNEX performance as measured by the ROIC performance metric. To the extent that SYNNEX fails to meet its performance targets for the applicable three-year period, then that portion of the shares underlying the performance-based RSUs are canceled and do not vest. If, for example, SYNNEX achieves an EPS equal to 75% of the EPS target, Mr. Caldwell would receive 50% of the targeted shares. Similarly, if SYNNEX achieves an EPS equal to 166.67% of EPS target, then Mr. Caldwell would receive 200% of the targeted shares.

In order to allow for vesting of 200% of the target performance-based RSUs (pursuant to the vesting criteria discussed above), Mr. Caldwell was granted a number of performance-based RSUs equal to two times the target

grant. For fiscal year 2019, based upon the per share price, adjusted for the exclusion of dividend equivalents, on the first business day of fiscal 2019 (December 3, 2018), of \$77.60, Mr. Caldwell was granted performance-based RSUs as follows:

	<u>Number of RSUs granted (represents maximum award of 200% of target award)</u>	<u>Value of LTIs at maximum award of 200% of target award</u>	<u>Number of RSUs vesting at 100% target performance</u>	<u>Value of LTIs at 100% target performance (represents 100% of target award)</u>	<u>Number of RSUs vesting at 75% of target performance</u>	<u>Value of LTIs at 75% target performance (represents 50% of target award)</u>
Christopher Caldwell	9,868	\$765,757	4,934	\$ 382,878	2,467	\$ 191,439

In addition to Mr. Caldwell's LTI award as an executive officer of SYNnex, for 2019, each of our named executive officers was granted a SYNnex LTI award comprised of performance-based RSU grants (the "Spin-off Retention Awards") to incentivize and retain the named executive officers through the separation and distribution as follows:

	<u>Number of RSUs granted</u>	<u>Value of RSUs granted</u>
Christopher Caldwell	32,453	\$ 2,999,955
Andre Valentine	7,031	\$ 649,946
Cormac Twomey	9,195	\$ 849,986
Richard Rosso	8,113	\$ 749,966
Steven Richie	7,031	\$ 649,946

These awards were not determined based on reference to specific targets. The Spin-off Retention Awards cliff vest upon the earliest of the following: (1) the third anniversary of the grant date provided the named executive officer remains in continuous employment by SYNnex through the vesting date; (2) the second anniversary of the grant date provided (a) the named executive officer remains in continuous employment by SYNnex through the vesting date and (b) Concentrix achieves an increase of at least ten percent (10%) in adjusted EBITDA as reported in Company financial statements from Concentrix continuing operations for any consecutive 12-month period during this two-year period, measured against adjusted EBITDA, with comparable financial measure adjustments (such adjustments to include, without limitations, the effect of any acquisitions), as reported in Company financial statements from Concentrix continuing operations during any trailing 12-month period beginning August 1, 2018; or (3) the expiration of the six-month period after a change in control of Concentrix provided the named executive officer remains in continuous employment by SYNnex or Concentrix through the vesting date.

With respect to both the SYNnex equity grants and the LTI program, the SYNnex Compensation Committee considers at least annually whether to approve specific long-term equity awards based on the recommendations of the SYNnex President and Chief Executive Officer (except with respect to his own awards). When determining awards, the SYNnex Compensation Committee considers factors such as an individual's position, his prior and expected future performance and responsibilities, the company's retention and succession needs, and the long-term incentive award levels for comparable executives and key employees at companies that compete with SYNnex for executive and managerial talent. The SYNnex Compensation Committee also considers the total value of equity awards previously granted and the existing equity ownership of the individual when determining restricted stock award levels, with particular attention paid to the value of unvested awards. In addition, the SYNnex Compensation Committee considers the potential dilution and accounting costs of long-term equity awards as compared to those granted at other publicly traded companies that compete with SYNnex for business and executive talent. The SYNnex 2013 Stock Incentive Plan does not state a formulaic method for weighing these factors, nor does the SYNnex Compensation Committee employ one.

Deferred Compensation Plan. The SYNEX deferred compensation plan permits designated employees to accumulate income for retirement and other personal financial goals by deferring present income through a nonqualified plan. The SYNEX deferred compensation plan became effective on January 1, 1994 and was amended on January 7, 2008 to conform with changes required by Section 409A of the Code. Currently, none of our named executive officers participate in this plan.

Benefits, Perquisites and Other. Other benefits to our named executive officers include medical, dental and life insurance, as well as 401(k) plan participation. These benefits are generally available to all our employees. In addition, Mr. Valentine participates in a supplemental life insurance program and a supplemental long-term disability program that are legacy benefits from his employment with Convergys prior to our acquisition of Convergys in October 2018. Mr. Twomey receives a car allowance, which is less than \$10,000 annually, and Mr. Rosso receives a cash allowance of \$15,000 annually, which is a legacy benefit from his employment with IBM prior to our acquisition of the IBM CRM business in January 2014.

Risk Assessment of SYNEX Compensation Program

Consistent with SEC disclosure requirements, SYNEX has assessed its compensation programs and has concluded that its compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the company. The risk assessment process included a review of program policies and practices; program analysis to identify risk and risk control related to the programs; and determinations as to the sufficiency of risk identification, the balance of potential risk to potential reward, risk control and the support of the program and their risks to the company strategy. Although SYNEX reviewed all compensation programs, SYNEX focused primarily on the programs with variability of payout, with the ability of an executive officer to directly affect payout and the controls on executive officer action and payout. By way of examples, SYNEX reviewed its compensation programs for certain design features that have been identified by experts as having the potential to encourage excessive risk-taking, including:

- too much focus on equity;
- compensation mix overly weighted toward annual incentives;
- highly leveraged payout curve and uncapped payouts;
- unreasonable goals or thresholds; and
- steep payout cliffs at certain performance level that may encourage short-term business decisions to meet payout thresholds.

SYNEX is satisfied that these potential pitfalls have been avoided or mitigated. SYNEX continues to monitor its compensation programs and reserves the right to adjust them as it judges necessary to avoid creating undue risk.

In addition, SYNEX has internal controls over financial reporting and the measurement and calculation of compensation goals, and other financial, operational, and compliance policies and practices that are designed to keep its compensation programs from being susceptible to manipulation by any employee, including our named executive officers. Other risk-mitigating factors considered by the SYNEX Compensation Committee include the following:

- the use of different types of compensation that provide a balance of short-term and long-term incentives with fixed and variable components;
- the SYNEX minimum equity holding guidelines;
- the SYNEX clawback policy which, in the event of a restatement of our financial results allows the SYNEX Compensation Committee to seek to recover or cancel Management Incentive Plan bonuses;

- caps on performance-based awards to limit windfalls;
- every SYNEX executive officer must obtain permission from the SYNEX Legal Department before the sale of any shares of SYNEX common stock, even during an open trading window;
- the SYNEX policy to limit its involvement in cashless stock option exercises by its directors and officers;
- the SYNEX prohibition of trading in SYNEX securities on a short-term basis, on margin, or in a short sale transaction;
- the SYNEX policy against buying or selling puts or calls on its common stock;
- the SYNEX Code of Ethical Business Conduct; and
- the SYNEX Compensation Committee's consideration of ethical behavior as integral in assessing the performance of all executive officers.

Ultimately, SYNEX' incentive compensation is designed to reward executive officers for committing to and delivering goals that are intended to be challenging yet provide them a reasonable opportunity to reach the threshold amount, while requiring meaningful growth to reach the target level and substantial growth to reach the maximum level. The amount of growth required to reach the maximum level of compensation is developed within the context of the normal business planning cycle and, while difficult to achieve, is not viewed to be at such an aggressive level that it would induce SYNEX executive officers to take inappropriate risks that could threaten SYNEX' financial and operating stability.

SYNEX Compensation Consultant and Peer Group Analysis

To assist in reviewing and approving the annual compensation and compensation procedures for its executive officers, including Mr. Caldwell, the SYNEX Compensation Committee retained the services of Compensia, Inc. as its compensation consultant during fiscal year 2019. Compensia reported directly to the SYNEX Compensation Committee and the SYNEX Compensation Committee directly approved the Compensia fees. Management had no role in the selection of the compensation consultant. The SYNEX Compensation Committee retained the services of Compensia to outline executive compensation trends and developments, review and analyze SYNEX' executive compensation philosophy and programs, and provide summary of findings and considerations for use in fiscal year 2019. Neither SYNEX nor the SYNEX Compensation Committee engaged any compensation consultants during fiscal year 2019 whose fees exceeded \$120,000. The SYNEX Compensation Committee believes that the Compensia advice was independent of management, and Compensia has certified the same in writing, and benefited SYNEX and its stockholders. In reaching this conclusion, the SYNEX Compensation Committee considered all factors relevant to Compensia's independence from management, including factors suggested by the New York Stock Exchange in its rules related to compensation advisor independence.

Compensia provided the SYNEX Compensation Committee with a review of the overall compensation climate in the United States, best practices, and trends specific to our industry. Compensia provided analyses of base salaries, bonuses, long-term incentives and benefit practices of comparable peer companies. Compensia's work did not raise any conflict of interest.

The following technology distribution, electronic manufacturing services, data processing and outsourced services, and IT consulting and other services peer companies were used in SYNnex' competitive benchmarking:

Anixter International, Inc.
Arrow Electronics, Inc.
Avnet, Inc.
CDW Corporation
CGI Group, Inc.
Cognizant Technology Solutions Corporation
Conduent Incorporated
Henry Schein, Inc.
Insight Enterprises, Inc.
Jabil Inc.
Sanmina Corporation
ScanSource, Inc.
Sykes Enterprises, Incorporated
Tech Data Corporation
TeleTech Holdings, Inc.

In addition to talking to members of the SYNnex Compensation Committee, Compensia also contacted certain of SYNnex' executive officers and other employees in SYNnex' human resources department to obtain historical data and insight into previous compensation practices. The SYNnex Compensation Committee took information provided by Compensia into consideration when setting executive compensation for fiscal year 2019.

Tally Sheets and the Role of Management

In fiscal year 2019, the SYNnex Compensation Committee reviewed the total remuneration of SYNnex' executive officers, including Mr. Caldwell, using summary tables, or tally sheets. These tally sheets allowed the SYNnex Compensation Committee to undertake a comprehensive review across all forms of compensation, and to understand the effect that changing profit and stock price scenarios could have on such remuneration forms.

Mr. Polk made recommendations to the SYNnex Compensation Committee as to the compensation of Mr. Caldwell, and Mr. Caldwell, generally in consultation with Mr. Polk, determined the compensation of our other named executive officers. With respect to Mr. Caldwell, the SYNnex Compensation Committee could accept or adjust Mr. Polk's recommendations. However, in general, the SYNnex Compensation Committee considered the recommendations of Mr. Polk, Mr. Caldwell's role, responsibilities and performance during the past year, and the amount of compensation paid to officers in similar positions at comparable companies. These recommendations were considered in relation to Mr. Caldwell's annual performance review and played an important role in the compensation determinations by the SYNnex Compensation Committee.

In general, we believe that the current executive compensation program meets the objectives of rewarding executive officers for measurable results in meeting and exceeding goals.

2019 Summary Compensation Table

The following table sets forth the compensation awarded to, earned by or paid to our named executive officers for the fiscal year ended November 30, 2019. Position titles refer to each named executive officer’s expected title at Concentrix following the spin-off.

Name & Principal Position	Year	Salary \$(1)	Bonus \$(2)	Stock Awards \$(3)(4)	Option Awards \$(3)	Non-Equity Incentive Plan Compensation \$(5)	Change in Pension Value \$(6)	All Other Compensation \$(7)	Total (\$)
Christopher Caldwell, Chief Executive Officer	2019	608,173	—	4,007,871	999,996	1,307,543	—	20,900	6,944,483
Andre Valentine, Chief Financial Officer	2019	585,000	443,215	1,099,879	—	—	100,844	2,534,792	4,763,730
Cormac Twomey(8), EVP, Global Operations and Delivery	2019	474,961	454,560	1,299,919	—	—	—	3,325,842	5,555,282
Richard Rosso, EVP, Global Sales and Account Management	2019	435,000	377,500	899,944	—	257,125	—	24,188	1,993,757
Steven Richie, EVP, Legal	2019	350,000	201,500	799,924	—	257,125	—	8,842	1,617,391

- (1) Includes base salary and, in the case of Mr. Caldwell, unused vacation payout.
- (2) Represents performance-based bonus awards under the Management Incentive Plan earned in fiscal 2019, but paid in fiscal 2020, for Messrs. Valentine, Twomey, Rosso and Richie. Although these named executive officers had target awards based on a percentage of their base salary, and the amount of their earned awards was based on our performance with respect to revenue, EBITDA and operating income margin, the amount of the awards was not quantitatively determined by reference to pre-established performance goal targets. As a result, the entire amount of these awards is being reported in the Bonus column.
- (3) Amounts listed in these columns represent the grant date fair value of stock awards and option awards recognized by SYNEX under Financial Accounting Standards Board Accounting Standards Codification Topic 718, disregarding estimated forfeitures, rather than amounts realized by the named individuals. For valuation assumptions used to calculate the fair value of SYNEX stock and option awards, see Note 5 “Share-Based Compensation” included in the SYNEX Annual Report on Form 10-K for the fiscal year ended November 30, 2019.
- (4) Includes the grant date fair value of the named executive officers’ annual equity awards, as well as the 2019 LTI awards. For Mr. Caldwell’s performance-based RSUs granted under the SYNEX LTI program, the amount in the table reflects the grant date fair value at target, calculated in accordance with accounting guidance. If SYNEX performance results in a future payout of the performance-based RSUs at the maximum level, the grant date fair value of Mr. Caldwell’s performance based RSUs would have been \$915,850 and the aggregate grant date fair value of Mr. Caldwell’s stock awards would have been \$4,465,795.
- (5) Represents performance-based bonus award under the Management Incentive Plan earned in fiscal 2019, but paid in fiscal 2020, for Mr. Caldwell, and the earned amount of three-year long-term cash incentive awards granted in 2016 for Messrs. Rosso and Richie.
- (6) Reflects the change in the present value of Mr. Valentine’s accumulated benefit under the Convergys frozen defined benefit pension plan. The pension plan, which includes a qualified and a non-qualified portion, was assumed by Concentrix in the Convergys acquisition. The assumptions used to calculate the change in pension value are described in Note 1 to the Pension Benefits table below.

- (7) Includes for Mr. Caldwell, Company contributions to the 401(k) retirement savings plan of \$1,400 and dividend payments on unvested RSAs of \$19,500; for Mr. Valentine, Company contributions to the 401(k) retirement savings plan of \$11,200, group term life insurance premiums of \$6,546 paid on Mr. Valentine's behalf and related gross-up for the imputed taxes of \$10,110 under a supplemental life insurance program, premiums of \$3,120 paid on Mr. Valentine's behalf under a supplemental long-term disability program, and, as further described below, the settlement of converted cash awards in connection with the Convergys acquisition of \$2,503,816; for Mr. Twomey, Company contributions to the United Kingdom defined contribution plan of \$28,815, and, as further described below, the settlement of converted cash awards in connection with the Convergys acquisition of \$1,917,305 and severance payments in connection with the Convergys acquisition of \$1,379,722; for Mr. Rosso, Company contributions to the 401(k) retirement savings plan of \$1,300, dividend payments on unvested RSAs of \$7,888 and a cash allowance of \$15,000 that is a legacy benefit from Mr. Rosso's employment with IBM prior to the acquisition of the IBM CRM business; and for Mr. Richie, Company contributions to the 401(k) retirement savings plan of \$1,300 and dividend payments on unvested RSAs of \$7,542. For Mr. Valentine, the supplemental life insurance program and supplemental long-term disability program are legacy benefits from his employment with Convergys prior to our acquisition of Convergys in October 2018.

In connection with the acquisition of Convergys, all outstanding Convergys restricted stock unit awards and all outstanding Convergys performance-based restricted stock unit awards were converted into cash awards in accordance with the merger agreement between SYNEX and Convergys. For all such awards that were granted on or after March 31, 2016, the awards continue to vest and settle in cash on the vesting dates and in accordance with the terms of the applicable award agreements. Such amounts that vested and were paid to Mr. Valentine and Mr. Twomey in fiscal 2019 are included in the "All Other Compensation" column and quantified above.

In addition, following the acquisition of Convergys by SYNEX, Mr. Twomey was entitled (pursuant to his employment agreement with Convergys) to terminate his employment for "good reason" (as defined therein) and receive certain severance benefits. Mr. Twomey terminated his employment with Concentrix in December 2018 and was rehired in January 2019. Upon his termination in December 2018, Mr. Twomey received a lump sum payment equal to two times his target annual bonus and is entitled to receive monthly payments equal to his monthly base salary for 24 months. This column includes such payments to Mr. Twomey during fiscal 2019, as quantified above.

- (8) Mr. Twomey's base salary, Management Incentive Plan award and amounts included under "All Other Compensation" were paid in British pounds and converted to the U.S. dollar amounts included in the table by using the fiscal year-end exchange rate of 1 GBP to \$1.2932.

2019 Grants of Plan-Based Awards

The following table sets forth information regarding grants of plan-based awards to each of our named executive officers for the fiscal year ended November 30, 2019.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#) (4)	Exercise or Base Price of Option Awards (\$/Sh) (5)	Grant Date Fair Value of Stock and Option Awards (\$) (5)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Christopher Caldwell		575,000	1,150,000	1,725,000	—	—	—	—	—	—	—
	2/1/19	—	—	—	2,467	4,934	9,868	—	—	—	457,925
	7/19/19	—	—	—	32,453	32,453	32,453	—	—	—	2,999,955
	10/2/19	—	—	—	—	—	—	4,980	—	—	549,991
	10/2/19	—	—	—	—	—	—	30,057	110.44	—	999,996
Andre Valentine	7/19/19	—	—	—	7,031	7,031	7,031	—	—	—	649,946
	10/2/19	—	—	—	—	—	—	4,074	—	—	449,933

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#) (4)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(5)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Cormac Twomey	7/19/19	—	—	—	9,195	9,195	9,195	—	—	—	849,986
	10/2/19	—	—	—	—	—	—	4,074	—	—	449,933
Richard Rosso	7/19/19	—	—	—	8,113	8,113	8,113	—	—	—	749,966
	10/2/19	—	—	—	—	—	—	1,358	—	—	149,978
Steven Richie	7/19/19	—	—	—	7,031	7,031	7,031	—	—	—	649,946
	10/2/19	—	—	—	—	—	—	1,358	—	—	149,978

- (1) The amounts shown in these columns for Mr. Caldwell reflect his threshold, target and maximum annual bonus award under the SYNEX Management Incentive Plan, with the potential for his actual award under the plan to exceed or be less than the target depending upon company and individual performance. Mr. Caldwell's actual award amount is not guaranteed and is determined at the discretion of the SYNEX Compensation Committee, which may consider Mr. Caldwell's performance during the year. Mr. Caldwell's actual Management Incentive Plan award for fiscal 2019 is reflected in the Non-Equity Incentive Plan Compensation column of the 2019 Summary Compensation Table.
- (2) The shares related to Mr. Caldwell's February 1, 2019 award represent the range of shares that may be released at the end of the performance period for the LTI awards, December 1, 2018 to November 30, 2021. If the minimum threshold target performance percentage of the internally established EPS goal is not achieved, no performance-based RSUs will vest. The shares related to the named executive officers' July 19, 2019 performance-based restricted stock units cliff vest upon the earliest of the following: (1) the third anniversary of the grant date provided the named executive officer remains in continuous employment by SYNEX through the vesting date; (2) the second anniversary of the grant date provided (a) the named executive officer remains in continuous employment by SYNEX through the vesting date and (b) Concentrix achieves an increase of at least ten percent (10%) in adjusted EBITDA as reported in the company's financial statements from continuing operations for any consecutive 12-month period during this two-year period, measured against adjusted EBITDA, with comparable financial measure adjustments (such adjustments to include, without limitations, the effect of any acquisitions), as reported in the company's financial statements from continuing operations during any trailing 12-month period beginning August 1, 2018; or (3) the expiration of the six-month period after a change in control of Concentrix provided the named executive officer remains in continuous employment by SYNEX or Concentrix through the vesting date. In the event of the named executive officer's death prior to the vesting date, SYNEX will transfer to the named executive officer's estate the number of shares that would have vested on or prior to his death.
- (3) The named executive officer restricted stock awards granted on October 2, 2019 vest as to 20% of the shares on the first five anniversaries of the grant date.
- (4) The option awards vest and become exercisable as to 20% of the shares on the first anniversary of the grant date and the remaining vest monthly thereafter over the remaining four-year period.
- (5) Fair value of performance-based RSU grants are calculated using the closing stock price on the date of the grant, based on the probable outcome of the performance conditions, adjusted for the exclusion of dividend equivalents. We pay dividends on restricted stock awards, and, accordingly, no adjustment is required to the stock price of the restricted stock awards.

2019 Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth information regarding outstanding equity awards for each of our named executive officers as of November 30, 2019.

Name	Option Awards(1)				Stock Awards(2)			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value Of Unearned Shares, Units or Other Rights that have not Vested (\$)
Christopher Caldwell	12,928	—	62.90	10/7/2024	—	—	—	—
	7,647	1,716	89.21	10/06/2025	—	—	—	—
	7,789	4,841	112.08	10/4/2026	—	—	—	—
	4,656	6,516	128.67	10/3/2027	—	—	—	—
	9,926	35,882	76.01	10/11/2028	—	—	—	—
	—	30,057	110.44	10/2/2029	—	—	—	—
	—	—	—	—	448	55,019	—	—
	—	—	—	—	1,204	147,863	—	—
	—	—	—	—	1,572	193,057	—	—
	—	—	—	—	5,788	710,824	—	—
	—	—	—	—	4,980	611,594	—	—
	—	—	—	—	—	—	4,022(3)	493,942
	—	—	—	—	—	—	23,598(4)	2,898,070
—	—	—	—	—	—	4,832(5)	593,418	
—	—	—	—	—	—	9,868(6)	1,211,889	
—	—	—	—	—	—	32,453(7)	3,985,553	
Andre Valentine	—	—	—	—	4,074	500,328	—	—
—	—	—	—	—	—	—	7,031(7)	863,477
Cormac Twomey	—	—	—	—	4,074	500,328	—	—
—	—	—	—	—	—	—	9,195(7)	1,129,238
Richard Rosso	—	—	—	—	302	37,089	—	—
—	—	—	—	—	446	54,773	—	—
—	—	—	—	—	582	71,475	—	—
—	—	—	—	—	1,244	152,776	—	—
—	—	—	—	—	1,315	161,495	—	—
—	—	—	—	—	1,358	166,776	—	—
—	—	—	—	—	—	—	8,113(7)	996,358
Steven Richie	—	—	—	—	168	20,632	—	—
—	—	—	—	—	446	54,773	—	—
—	—	—	—	—	582	71,475	—	—
—	—	—	—	—	1,492	183,233	—	—
—	—	—	—	—	1,315	161,495	—	—
—	—	—	—	—	1,358	166,776	—	—

(1) Unless otherwise noted, all option awards listed in these columns vest and become exercisable as to 20% of the shares on the first anniversary of the grant date and the remaining vest 1/60th of the shares monthly thereafter over the remaining four-year period.

- (2) Unless otherwise noted, all stock awards listed in this table vest as to 20% of the shares on each of the first five anniversaries of the grant date. Market value was determined by multiplying the number of shares of stock or units, as applicable, by \$122.81, the closing price of our Common Stock on November 29, 2019, the last trading day of our last completed fiscal year.
- (3) These RSUs granted on January 27, 2017 cliff vested on November 30, 2019. The actual number of RSUs that vested was based upon the achievement of (1) certain threshold EPS target performance percentages and (2) certain ROIC performance percentages, with both performance metrics measured over a three-year period.
- (4) These RSUs granted on October 20, 2017 will vest upon the third and fourth anniversaries of the grant date provided (1) the officer remains in continuous employment by SYNEX through the vesting dates and (2) SYNEX achieves an increase of at least ten percent (10%) in adjusted net income as reported in the SYNEX financial statements from continuing operations for any consecutive 12-month period over the three-year period beginning fiscal 2018 fourth quarter through fiscal 2021 third quarter, measured against adjusted net income, with comparable financial measure adjustments, as reported in SYNEX financial statements from continuing operations during the one-year period beginning fiscal 2017 fourth quarter through fiscal 2018 third quarter. In the event of an officer's death prior to the vesting date, SYNEX will transfer to such officer's estate the number of shares that would have vested on or prior to such officer's death.
- (5) These RSUs granted on February 14, 2018 cliff vest on November 30, 2020. The actual number of RSUs that will vest is based upon the achievement of (1) certain threshold EPS target performance percentages and (2) certain ROIC performance percentages, with both performance metrics measured over a three-year period. The vesting is contingent upon Mr. Caldwell remaining in continuous employment by SYNEX through the vesting date provided, however, that in the event of Mr. Caldwell's death prior to November 30, 2021, SYNEX will transfer to Mr. Caldwell's estate the number of shares that would have vested on an annual basis on or prior to his death.
- (6) These RSUs granted on February 1, 2019 cliff vest on November 30, 2021. The actual number of RSUs that will vest is based upon the achievement of (1) certain threshold EPS target performance percentages and (2) certain ROIC performance percentages, with both performance metrics measured over a three-year period. The vesting is contingent upon Mr. Caldwell remaining in continuous employment by SYNEX through the vesting date provided, however, that in the event of Mr. Caldwell's death prior to November 30, 2021, SYNEX will transfer to Mr. Caldwell's estate the number of shares that would have vested on an annual basis on or prior to his death.
- (7) These RSUs granted on July 19, 2019 cliff vest upon the earliest of the following: (1) the third anniversary of the grant date provided the named executive officer remains in continuous employment by SYNEX through the vesting date; (2) the second anniversary of the grant date provided (a) the named executive officer remains in continuous employment by SYNEX through the vesting date and (b) Concentrix achieves an increase of at least ten percent (10%) in adjusted EBITDA as reported in the company's financial statements from continuing operations for any consecutive 12-month period during this two-year period, measured against adjusted EBITDA, with comparable financial measure adjustments (such adjustments to include, without limitations, the effect of any acquisitions), as reported in the company's financial statements from continuing operations during any trailing 12-month period beginning August 1, 2018; or (3) the expiration of the six-month period after a change in control of Concentrix provided the named executive officer remains in continuous employment by SYNEX or Concentrix through the vesting date. In the event of the named executive officer's death prior to the vesting date, SYNEX will transfer to the named executive officer's estate the number of shares that would have vested on or prior to his death.

2019 Option Exercises and Stock Vested Table

The following table sets forth the dollar amounts realized pursuant to the vesting or exercise of SYNEX equity-based awards by each of our named executive officers for the fiscal year ended November 30, 2019.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized On Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(1)
Christopher Caldwell	—	—	5,713	611,048
Andre Valentine	—	—	—	—
Cormac Towmey	—	—	—	—
Richard Rosso	—	—	1,374	154,319
Steven Richie	—	—	914	102,502

(1) Amounts reflect the aggregate market value of shares on the vesting date.

Pension Benefits

The following table sets forth information, as of November 30, 2019, regarding the present value of the benefits that are expected to be paid to Mr. Valentine under the qualified and non-qualified portion of the Convergys Corporation defined benefit pension plan, which was assumed in the Convergys acquisition. None of our other named executive officers participate in qualified or non-qualified defined benefit plans. The Compensation Committee may elect to adopt qualified or non-qualified defined benefit plans in the future if the Compensation Committee determines that doing so is in our best interests.

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit \$(1)	Payments During Last Fiscal Year (\$)
Andre Valentine	Convergys Corporation Pension Plan	22	\$345,857	—
	Convergys Corporation Non-Qualified Excess Pension Plan	22	\$102,109	—

(1) The present value of accumulated benefit was determined using a discount rate of 3.04% and assuming a 63% lump sum payment distribution at age 65 (the normal retirement age specified in the Convergys Corporation Pension Plan).

The Convergys Corporation Pension Plan is a cash-balance pension plan that was open to certain U.S.-resident employees of Convergys hired prior to April 1, 2007. The plan was frozen effective April 1, 2008, and no additional pension credits accrue for eligible employees. At the end of each year, active participants' accounts are credited with interest at the rate of 4% per annum. At retirement or other termination of employment, an amount equivalent to the balance then credited to the account is payable to the participant in the form of a life annuity. In lieu of a life annuity, a participant may elect to receive the actuarial equivalent of his or her benefit in the form of a lump sum, or a joint and survivor annuity.

The non-qualified excess pension plan provides a pension benefit to employees, including Mr. Valentine, whose pension benefit under the Pension Plan is reduced or capped due to Internal Revenue Service limitations. Benefits are paid in ten annual installments or, if less, the number of annual installments (rounded up) equal to the value of the benefits divided by \$50,000, commencing six months after a participant's separation from service.

Nonqualified Deferred Compensation Plans

None of our NEOs participated in or had account balances under the SYNNECX nonqualified deferred compensation plan.

Termination of Employment and Change-of-Control Arrangements

The following summarizes the potential payments payable to our named executive officers upon termination of employment or a change of control under the SYNNECX compensation program or individual agreements. Although much of the compensation for our named executive officers is performance-based and contingent upon achievement of financial goals, SYNNECX believes its change of control arrangements provide important protection to our named executive officers, are generally consistent with the practice of its peer companies, and are appropriate for the attraction and retention of executive talent.

Under the SYNNECX Change of Control Severance Plan, if Mr. Caldwell, Mr. Rosso, Mr. Richie or Mr. Valentine is terminated without cause within two months before or 12 months after a change of control of SYNNECX (including a voluntary termination because of a reduction in salary or position or a relocation) and signs a standard release of claims, he is entitled to salary continuation at a rate equal to the average of total salary and bonus over the prior three years for a minimum of 18 months plus one month per year of employment after the eighteenth year of employment, up to a maximum of 24 months, and paid COBRA for two years. Severance payments will be delayed for six months following termination of employment to the extent required by Section 409A. For these individuals, SYNNECX believes that structuring their severance benefits in the above described fashion in connection with a change of control and tying each individual's severance payment with his length of service, encourages their retention, rewards them for their individual contributions, loyalty, teamwork and integrity, and motivates them to achieve returns for SYNNECX' stockholders. For each of these individuals, if employment with SYNNECX terminates as a result other than termination without cause within two months before or 12 months after a change of control of SYNNECX, then they will not be entitled to receive the above severance benefits. They are entitled to receive compensation and benefits through the date of termination in accordance with SYNNECX' established plans.

Following our acquisition of Convergys, Mr. Valentine was entitled (pursuant to the 2012 Convergys Corporation Senior Executive Severance Pay Plan) to terminate his employment for "good reason" (as defined therein) and receive certain severance benefits. Mr. Valentine agreed to continue his employment with Concentrix, subject to remaining eligible to receive a portion of the severance benefits he would have received under the 2012 Convergys Corporation Senior Executive Severance Pay Plan if he terminated employment with Concentrix for any reason other than an involuntary termination for cause on or before October 5, 2020. Following October 5, 2020, Mr. Valentine became eligible to participate in the SYNNECX Change of Control Severance Plan.

Following our acquisition of Convergys, Mr. Twomey was entitled (pursuant to his employment agreement with Convergys) to terminate his employment for "good reason" (as defined therein) and receive certain severance benefits. Mr. Twomey terminated his employment in December 2018 and was rehired in January 2019. In connection with his termination in December 2018, Mr. Twomey received his contractual severance benefits of a lump sum payment equal to two times his target annual bonus and the commencement of monthly payments equal to his monthly base salary for 24 months. These severance benefits are included in the "All Other Compensation" column of the Summary Compensation Table. Upon Mr. Twomey's rehiring in January 2019, consistent with general practice in the United Kingdom, we entered into an employment agreement with Mr. Twomey, who is a U.K. national. Under his employment agreement, upon a termination without cause, Mr. Twomey is entitled to (i) six months' notice of termination or, in lieu of notice, payment of his base salary for such period, and (ii) a pro rata portion of his target bonus award through the date of termination. As a non-U.S. person, Mr. Twomey is not eligible to participate in the SYNNECX Change of Control Severance Plan.

Potential Payments upon Termination or Change of Control

The following table sets forth potential payments payable to our NEOs, under the circumstances described below, assuming that their employment was terminated or a change in control occurred on November 30, 2019.

<u>Name</u>	<u>Benefit</u>	<u>Voluntary Termination without Good Reason (\$)</u>	<u>Termination for Good Reason/ Without Cause; No Change of Control (\$)</u>	<u>Termination for Good Reason/ Without Cause with Change of Control (\$)</u>
Christopher Caldwell	Salary continuation	—	—	2,473,737
	Benefits continuation	—	—	62,880
	Total	—	—	2,536,617
Andre Valentine	Salary continuation	—	—	1,840,774
	Benefits continuation	—	—	36,666
	Total	—	—	1,877,440
Cormac Twomey	Salary	—	671,216	671,216
	Bonus	—	447,477	447,477
	Total	—	1,118,693	1,118,693
Richard Rosso	Salary continuation	—	—	1,331,486
	Benefits continuation	—	—	38,351
	Total	—	—	1,369,837
Steven Richie	Salary	—	—	784,210
	Benefits continuation	—	—	35,102
	Total	—	—	819,312

The Concentrix Corporation 2020 Equity Incentive Plan

Prior to the separation and distribution, the Concentrix board of directors will adopt the Concentrix Corporation 2020 Equity Incentive Plan (the “2020 Plan”). SYNEX, as Concentrix’s sole stockholder, will approve the 2020 Plan prior to the distribution date, and the 2020 Plan will become effective on the distribution date. The following description is a summary of certain terms of the 2020 Plan. This summary is qualified in its entirety by reference to the full text of the 2020 Plan, which is filed as an exhibit to the registration statement on Form 10, of which this information statement forms a part, and which is incorporated by reference into this information statement.

Purpose

The purpose of the 2020 Plan is enhance our ability to attract retain and motivate persons who make or are expected to make important contributions to Concentrix by providing these individuals with equity ownership and other incentive opportunities.

Administration

The 2020 Plan will be administered by the Compensation Committee. The Concentrix board of directors may also appoint one or more separate committees, each composed of one or more directors, who may administer the 2020 Plan with respect to employees who are not considered officers or directors under Section 16 of the Exchange Act, may grant awards under the 2020 Plan to such employees and may determine all terms of such grants. The Concentrix board of directors may also authorize one or more of our officers to designate employees, other than officers under Section 16 of the Exchange Act, to receive awards or to determine the number of such awards to be received by such persons, provided that the board of directors will specify the total number of awards that such officers may award. As used in this summary, the term “administrator” means the Compensation Committee or its delegate.

Eligibility

Officers and employees of Concentrix and its subsidiaries and affiliates are eligible to participate in the 2020 Plan. Directors and other individuals who provide consulting services to Concentrix and its subsidiaries and affiliates are also eligible to participate in the 2020 Plan. The term subsidiary is used in this summary to refer to any corporation, if Concentrix or one or more of its subsidiaries owns not less than 50% of the total combined voting power of all classes of outstanding stock of such corporation. The term affiliate is used in this summary to refer to any entity other than a subsidiary, if Concentrix or one or more of its subsidiaries own not less than 50% of such entity.

Automatic Grants to Directors

Each non-employee director will receive an annual grant of restricted stock valued at \$100,000 that will be granted on or shortly following the date of the annual meeting of stockholders and will vest on the earlier of one year following the date of grant and one day prior to the next annual meeting of stockholders. Our initial non-employee directors are expected to receive a prorated grant of restricted stock on or shortly following the distribution date equal to the quotient of \$100,000, prorated for the number of days that the non-employee director is expected to serve between his or her appointment and March 17, 2021, the anniversary of the SYNEX 2020 annual meeting of stockholders. Thereafter, a non-employee director who is initially elected or appointed to the Concentrix board of directors other than on the date of an annual meeting will receive a prorated grant of restricted stock on or shortly following the date of such initial election or appointment equal to the quotient of \$100,000, prorated for the number of days that the non-employee director is expected to serve between his or her appointment and the anniversary of the preceding Concentrix annual meeting of stockholders.

Maximum Shares and Award Limits

The shares of Concentrix common stock issued under the 2020 Plan may be authorized but unissued shares or held in treasury. The aggregate number of shares authorized for issuance for awards under the 2020 Plan is equal to the sum of 4,000,000 shares, plus an annual increase on the first day of each fiscal year, for up to ten years, beginning on or after December 1, 2021, in an amount equal to the lesser of (x) one percent of the outstanding shares of common stock on the last day of the immediately preceding fiscal year and (y) such lesser amount determined by the board of directors. The aggregate number of shares of common stock that may be delivered pursuant to the exercise of incentive stock options granted under the 2020 Plan is 500,000. These limitations, and the terms of outstanding awards, shall be adjusted as appropriate in the event of a stock dividend, stock split, reclassification of stock or similar events.

If restricted shares or shares issued upon the exercise of options are forfeited, then such shares will become available for awards under the 2020 Plan. If stock units, options, or stock appreciation rights are forfeited or terminate for any reason before being settled or exercised, or an award is settled in cash without the delivery of shares to the holder, then the corresponding shares will again become available for awards under the 2020 Plan. If stock units are settled or stock appreciation rights are exercised, then only the number of shares, if any, actually issued in settlement of such stock units or stock appreciation rights (and not forfeited) will reduce the number of available shares and the balance will become available for awards under the 2020 Plan. If shares are withheld to satisfy the grant price or exercise price or tax withholding obligation pursuant to any award, then such shares will become available for awards under the 2020 Plan. In general, shares that have actually been issued will not again become available for awards under the 2020 Plan.

The Committee may make awards under the 2020 Plan by assumption, substitution or replacement of awards granted by another entity, if such assumption, substitution or replacement is in connection with an acquisition, merger, or similar transaction involving the Company and such other entity. Any such substitute or assumed awards will not count against the overall share limit.

Stock Options

The 2020 Plan provides for the grant of both options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code (Code) and options that are not intended to so qualify. Options intended to qualify as incentive stock options may be granted only to persons who are our employees or are employees of our subsidiaries.

The administrator will select the participants who are granted stock options and, consistent with the terms of the 2020 Plan, will prescribe the terms of each option, including the vesting rules for such option. A stock option agreement may provide for the accelerated exercisability in the event of the participant's death, disability, or retirement or other events and may provide for expiration prior to the end of its term in the event of the termination of the participant's service. The exercise price of an incentive stock option cannot be less than 100% of the common stock's fair market value on the date the option is granted, and in the event a participant is deemed to be a 10% owner of Concentrix or one of our subsidiaries, the participant is not eligible to receive an incentive stock option. The exercise price of a nonqualified stock option cannot be less than 100% of the common stock's fair market value on the date the option is granted.

Within the limitations of the 2020 Plan, the administrator may modify, extend or renew outstanding options or may accept the cancellation of outstanding options (to the extent not previously exercised), in return for the grant of new options for the same or a different number of shares and at the same or a different exercise price, or in return for the grant of the same or a different number of shares without stockholder approval. No modification of an option will, without the consent of the participant, materially impair his or her rights or obligations under such option.

The option price may be paid in cash or, to the extent that the stock option agreement so provides, by surrendering shares of common stock, in consideration of services rendered to the company, by delivery of an irrevocable direction to a securities broker to sell shares and to deliver all or part of the sale proceeds to the Company in payment of the aggregate exercise price, by delivery of an irrevocable direction to a securities broker or lender to pledge shares, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of the aggregate exercise price, by "net exercise" arrangement, by delivering a full-recourse promissory note, or in any other form that is consistent with applicable laws, regulations and rules. Options may be exercised in accordance with requirements set by the administrator. The maximum period in which an option may be exercised will be fixed by the administrator but cannot exceed ten years, and in the event a participant is deemed to be a 10% owner of our Company or one of our subsidiaries, the maximum period for an incentive stock option granted to such participant cannot exceed five years.

Options generally will be nontransferable except in the event of the participant's death but the administrator may allow the transfer of non-qualified stock options through a gift or domestic relations order to the participant's family members.

Each stock option agreement will set forth the extent to which the participant will have the right to exercise the option following the termination of the participant's service with Concentrix and its subsidiaries, and the right to exercise the option of any executors or administrators of the participant's estate or any person who has acquired such option(s) directly from the participant by bequest or inheritance.

Stock Appreciation Rights

The administrator also will select the participants who receive stock appreciation rights under the 2020 Plan. A stock appreciation right entitles the participant to receive a payment of up to the amount by which the fair market value of a share of common stock on the date of exercise exceeds the base value for a share of common stock as established by the administrator at the time of grant of the award. A stock appreciation right will be exercisable at such times and subject to such conditions as may be established by the administrator. A stock

appreciation right may be granted either alone or in tandem with other awards under the 2020 Plan. The amount payable upon the exercise of a stock appreciation right may be settled in cash or by the issuance of shares of common stock.

Restricted Shares

The administrator also will select the participant who are granted restricted shares and, consistent with the terms of the 2020 Plan, will establish the terms of each stock award. A restricted share award may be subject to vesting requirements or transfer restrictions or both, if so provided by the administrator. Those requirements may include, for example, a requirement that the participant complete a specified period of service or that certain performance criteria be achieved. Participants who are granted restricted shares generally have all of the rights of a stockholder with respect to such shares. Restricted shares may be issued for consideration determined by the administrator, including cash, cash equivalents, full-recourse promissory notes, past services and future services.

Restricted Stock Units

The administrator also will select the participants who are granted stock units and, consistent with the terms of the 2020 Plan, will establish the terms of each stock unit. Stock units give a participant the right to acquire a specified number of shares of stock, or in the Committee's discretion, the equivalent value in cash, at a future date upon the satisfaction of certain vesting conditions based upon a vesting schedule or performance criteria established by the administrator. Unlike restricted stock, the stock underlying stock units will not be issued until the stock units have vested, and recipients of stock units generally will have no voting or dividend rights prior to the time the vesting conditions are satisfied.

Cash-Based Awards

The administrator also will select the participants who are granted cash-based awards and, consistent with the terms of the 2020 Plan, will establish the terms of each cash-based award, including the duration of the award, the amount of cash that may be payable pursuant to the award and the conditions upon which the award will become vested or payable.

Merger

Generally, if we merge with or into another corporation, outstanding awards will be subject to the agreement of merger or reorganization, which will provide for continuation of the outstanding awards if Concentrix is the surviving entity, assumption of the outstanding awards by the surviving entity or a parent or subsidiary of the surviving entity, substitution by the surviving entity or its parent or subsidiary of its own awards for the outstanding awards, or immediate vesting, exercisability or settlement of outstanding awards (whether or not then vested or exercisable) in cash, cash equivalents, or equity followed by the cancellation of such awards.

Deferral of Awards

Subject to compliance with Section 409A of the Internal Revenue Code, the Committee in its sole discretion may permit or require a participant to have cash or shares that otherwise would be paid or delivered to such participant as a result of the exercise of a stock appreciation right or option, or the settlement of stock units, credited to a deferred compensation account established for the participant by the Committee, or may have shares that would otherwise be paid or delivered converted into restricted stock units.

Cancellation or Clawback of Awards

Any award granted under the 2020 Plan (including any amounts or benefits arising from such awards) will be subject to any clawback or recoupment arrangements or policies that Concentrix has in place from time to time, pursuant to which the Committee may, to the extent permitted by applicable law and stock exchange rules

or the applicable Concentrix arrangement or policy, and will, to the extent required, cancel or require reimbursement of any award granted to a participant or any shares issued or cash received upon vesting, exercise, or settlement of any such awards or sale of shares underlying the awards.

Amendment and Termination

No incentive stock options may be granted under the 2020 Plan after the tenth anniversary of the adoption of the 2020 Plan or, if earlier, the approval of the 2020 Plan by SYNnex, as the sole stockholder of Concentrix. The Board of Directors may amend, suspend or terminate the 2020 Plan at any time, but an amendment will not become effective without the approval of our stockholders to the extent required by applicable laws, regulations or rules. No termination or amendment of the 2020 Plan will materially impair a participant's rights under outstanding awards without the participant's consent.

Federal Income Tax Aspects of the 2020 Plan

This is a brief summary of the federal income tax aspects of awards that may be made under the 2020 Plan based on existing U.S. federal income tax laws. This summary provides only the basic tax rules. It does not describe a number of special tax rules, including the alternative minimum tax and various elections that may be applicable under certain circumstances. It also does not reflect provisions of the income tax laws of any municipality, state or foreign country in which a holder may reside, nor does it reflect the tax consequences of a holder's death. The tax consequences of awards under the 2020 Plan depend upon the type of award.

Incentive Stock Options. The recipient of an incentive stock option generally will not be taxed upon grant of the option. Federal income taxes are generally imposed only when the shares of stock from exercised incentive stock options are disposed of, by sale or otherwise. The amount by which the fair market value of the stock on the date of exercise exceeds the exercise price is, however, included in determining the option recipient's liability for the alternative minimum tax. If the incentive stock option recipient does not sell or dispose of the stock until more than one year after the receipt of the stock and two years after the option was granted, then, upon sale or disposition of the stock, the difference between the exercise price and the market value of the stock as of the date of exercise will be treated as a capital gain, and not ordinary income. If a recipient fails to hold the stock for the minimum required time, at the time of the disposition of the stock, the recipient will recognize ordinary income in the year of disposition generally in an amount equal to any excess of the market value of the common stock on the date of exercise (or, if less, the amount realized or disposition of the shares) over the exercise price paid for the shares. Any further gain (or loss) realized by the recipient generally will be taxed as short-term or long-term gain (or loss) depending on the holding period. We will generally be entitled to a tax deduction at the same time and in the same amount as ordinary income is recognized by the option recipient.

Nonqualified Stock Options. The recipient of stock options not qualifying as incentive stock options generally will not be taxed upon the grant of the option. Federal income taxes are generally due from a recipient of nonqualified stock options when the stock options are exercised. The difference between the exercise price of the option and the fair market value of the stock purchased on such date is taxed as ordinary income. Thereafter, the tax basis for the acquired stock is equal to the amount paid for the stock plus the amount of ordinary income recognized by the recipient. We will generally be entitled to a tax deduction at the same time and in the same amount as ordinary income is recognized by the option recipient by reason of the exercise of the option.

Other Awards. Participants who receive restricted stock unit awards will generally recognize ordinary income when they receive shares upon settlement of the awards, in an amount equal to the fair market value of the shares at that time. Participants who receive awards of restricted stock subject to a vesting requirement generally recognize ordinary income at the time substantial vesting occurs, in an amount equal to the fair market value of the stock at that time minus the amount, if any, paid for the stock. However, a participant who receives restricted shares which are not substantially vested may, within 30 days of the date the shares are transferred, elect in accordance with Section 83(b) of the Code to recognize ordinary compensation income at the time of

transfer of the shares rather than upon the vesting dates. We will generally be entitled to a tax deduction at the same time and in the same amount as ordinary income is recognized by the participant.

Section 409A. Any deferrals made under the 2020 Plan, including awards granted under the 2020 Plan that are considered to be deferred compensation, must satisfy the requirements of Section 409A of the Code to avoid adverse tax consequences to participating employees. These requirements include limitations on election timing, acceleration of payments, and distributions. We intend to structure any deferrals and awards under the 2020 Plan to meet the applicable tax law requirements.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In connection with the spin-off, we will enter into certain other agreements with SYNnex to define our ongoing relationship with SYNnex after the spin-off. These agreements will define responsibility for obligations arising before and after the spin-off, including, among others, obligations relating to our employees and taxes. We will enter into these agreements with SYNnex while we are still a wholly owned subsidiary of SYNnex and, although we believe these agreements reflect market terms, certain terms of these agreements may not necessarily be the same as could have been obtained from an independent third party.

The following descriptions are only summaries and we encourage you to read, in their entirety, each of the agreements that are included as exhibits to the registration statement of which this information statement forms a part.

Separation and Distribution Agreement

The following discussion summarizes the material provisions of the separation and distribution agreement that will be entered into between SYNnex and Concentrix. The separation and distribution agreement sets forth, among other things, Concentrix' agreements with SYNnex regarding the principal transactions necessary to separate Concentrix from SYNnex. It also sets forth other agreements that govern certain aspects of Concentrix' relationship with SYNnex after the distribution date.

Transfer of Assets and Assumption of Liabilities

The separation and distribution agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of SYNnex and Concentrix as part of the separation of SYNnex into two companies, and it will provide for when and how these transfers, assumptions and assignments will occur. In particular, the separation and distribution agreement will provide, among other things, that subject to the terms and conditions contained therein:

- assets related to the Concentrix business, referred to as the "Concentrix Assets," will generally be retained by or transferred to Concentrix or one of Concentrix' subsidiaries, including, without limitation:
 - contracts that relate to the Concentrix business;
 - intellectual property and information technology related to the Concentrix Assets, the Concentrix Liabilities (as defined below), or the Concentrix business;
 - permits that relate to the Concentrix business;
 - Concentrix real property;
 - information related to the Concentrix Assets, the Concentrix Liabilities, or the Concentrix business;
 - rights and assets expressly allocated to Concentrix or one of Concentrix' subsidiaries pursuant to the terms of the separation and distribution agreement or certain other agreements entered into in connection with the separation; and
 - other assets that are included in the Concentrix pro forma combined balance sheet that appears in the section entitled "Unaudited Pro Forma Combined Financial Statements."
- liabilities related to the Concentrix business or the Concentrix Assets, referred to as the "Concentrix Liabilities," will generally be retained by or transferred to Concentrix or one of Concentrix' subsidiaries, including, without limitation:
 - liabilities arising out of actions, inactions, events, omissions, conditions, facts, or circumstances occurring or existing prior to the completion of the separation to the extent related to the Concentrix business or the Concentrix Assets;

- liabilities and obligations expressly allocated to Concentrix or one of Concentrix' subsidiaries pursuant to the terms of the separation and distribution agreement or certain other agreements entered into in connection with the separation;
- liabilities to the extent relating to, arising out of or resulting from contracts, intellectual property, information technology, permits or real property retained by or transferred to Concentrix in connection the separation;
- liabilities relating to claims brought by third parties to the extent relating to, arising out of or resulting from the Concentrix business, the Concentrix Assets, or the Concentrix Liabilities; and
- other liabilities that are included in the Concentrix pro forma combined balance sheet that appears in the section entitled "Unaudited Pro Forma Combined Financial Statements."
- all of the assets and liabilities (including whether accrued, contingent, or otherwise) other than the Concentrix Assets and Concentrix Liabilities (such assets and liabilities, other than the Concentrix Assets and the Concentrix Liabilities, referred to as the "SYNNEX Assets" and "SYNNEX Liabilities," respectively) will be retained by or transferred to SYNNEX or its subsidiaries.

Except as expressly set forth in the separation and distribution agreement or any ancillary agreement, neither Concentrix nor SYNNEX will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any consents or approvals required in connection with the transfers, as to the value or the freedom from any security interests of any of the assets transferred, as to the absence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either Concentrix or SYNNEX, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. With limited exceptions, all assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of any security interest, and that any necessary consents or approvals are not obtained or that any requirements of laws or judgments are not complied with.

Information contained in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation and distribution agreement, unless the context otherwise requires. The separation and distribution agreement will provide that, in the event that the transfer or assignment of certain assets and liabilities to Concentrix or SYNNEX, as applicable, does not occur prior to the separation, then until such assets or liabilities are able to be transferred or assigned, SYNNEX or Concentrix, as applicable, will hold such assets on behalf of and for the benefit of the other party and will pay, perform, and discharge such liabilities in the ordinary course of business, provided that the other party will advance or reimburse SYNNEX or Concentrix, as applicable, for any payments made in connection with the maintenance of such assets or the performance and discharge of such liabilities.

The Distribution

The separation and distribution agreement will also govern the rights and obligations of the parties regarding the distribution. On the distribution date, SYNNEX will distribute to its stockholders that hold SYNNEX common stock as of the record date for the distribution all of the issued and outstanding shares of Concentrix common stock on a pro rata basis.

Conditions to the Distribution

The separation and distribution agreement will provide that the distribution is subject to the satisfaction (or waiver by SYNNEX) of certain conditions. These conditions are described under "The Spin-Off—Spin-off Conditions." SYNNEX has the sole discretion to determine (and change) the terms of, and to determine whether

to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date, the distribution date and the distribution ratio.

Treatment of Intercompany Agreements, Receivables, and Payables

The separation and distribution agreement will provide that all agreements as to which there are no third parties and that are between Concentrix, on the one hand, and SYNEX, on the other hand, as of the distribution, will be terminated as of the distribution, except for the separation and distribution agreement and the ancillary agreements, a master commercial agreement under which Concentrix will continue to provide CX solutions services to SYNEX, and certain other arrangements specified in the separation and distribution agreement. The separation and distribution agreement will also provide that all intercompany receivables owed and intercompany payables due solely between Concentrix, on the one hand, and SYNEX, on the other hand, that are effective or outstanding as of immediately prior to the effective time of the distribution will be repaid or settled as promptly as practicable thereafter, subject to limited exceptions. The separation and distribution agreement will also provide that SYNEX and Concentrix will take, at or prior to the effective time of the distribution, all actions necessary to de-link all bank and brokerage accounts owned by Concentrix from the accounts owned by SYNEX.

Claims

In general, each party to the separation and distribution agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation and distribution agreement will provide that Concentrix and its affiliates will release and discharge SYNEX and its affiliates from all liabilities assumed by Concentrix as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to the Concentrix business, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation and distribution agreement. SYNEX and its affiliates will release and discharge Concentrix and its affiliates from all liabilities retained by SYNEX and its affiliates as part of the separation and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation and distribution agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include, but are not limited to, the separation and distribution agreement, the tax matters agreement, the employee matters agreement and the commercial agreement.

Indemnification

In the separation and distribution agreement, Concentrix and its subsidiaries will agree to indemnify, defend and hold harmless SYNEX and its subsidiaries, each of its affiliates and each of their respective directors, officers, employees, and agents, from and against all liabilities relating to, arising out of or resulting from:

- the Concentrix Liabilities;
- the failure of Concentrix or any of its subsidiaries to pay, perform or otherwise promptly discharge any of the Concentrix Liabilities, in accordance with their terms, whether prior to, on or after the distribution;

- certain shared contingent liabilities related to general corporate matters that occurred prior to the separation and distribution to the extent such contingent liabilities are attributable to the Concentrix business;
- any breach by Concentrix or any of its subsidiaries of the separation and distribution agreement or any of the ancillary agreements;
- except to the extent it relates to a SYNEX Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of Concentrix or its subsidiaries by SYNEX or its subsidiaries that survives following the distribution; and
- any untrue statement or alleged untrue statement of a material fact, or omission or alleged omission to state a material fact required to be stated or necessary to make the statements not misleading, in the registration statement on Form 10, of which this information statement forms a part, this information statement, or certain other disclosure documents, except for those statements made explicitly in SYNEX' name.

SYNEX and its subsidiaries will agree to indemnify, defend and hold harmless Concentrix and its subsidiaries, each of its affiliates and each of their respective directors, officers, employees and agents from and against all liabilities relating to, arising out of or resulting from:

- the SYNEX Liabilities;
- the failure of SYNEX or any of its subsidiaries to pay, perform or otherwise promptly discharge any of the SYNEX Liabilities, in accordance with their terms whether prior to, on, or after the distribution;
- certain shared contingent liabilities related to general corporate matters that occurred prior to the separation and distribution to the extent such contingent liabilities are attributable to the SYNEX business;
- any breach by SYNEX or any of its subsidiaries of the separation and distribution agreement or any of the ancillary agreements;
- except to the extent it relates to a Concentrix Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of SYNEX or its subsidiaries by Concentrix or its subsidiaries that survives following the distribution; and
- any untrue statement or alleged untrue statement of a material fact, or omission or alleged omission to state a material fact required to be stated or necessary to make the statements not misleading, with respect to statements made explicitly in SYNEX' name in the registration statement on Form 10, of which this information statement forms a part, this information statement, or certain other disclosure documents.

The separation and distribution agreement will also establish procedures with respect to claims subject to indemnification and related matters.

Indemnification with respect to taxes will generally be governed solely by the tax matters agreement.

Insurance

The separation and distribution agreement will provide for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and will set forth procedures for the administration of insured claims and address certain other insurance matters.

Further Assurances

In addition to the actions specifically provided for in the separation and distribution agreement, except as otherwise set forth therein or in any ancillary agreement, both SYNEX and Concentrix will agree in the separation and distribution agreement to use reasonable best efforts, prior to, at and after the effective time of the distribution, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations, and agreements to consummate and make effective the transactions contemplated by the separation and distribution agreement and the ancillary agreements.

Dispute Resolution

The separation and distribution agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between SYNEX and Concentrix related to the separation or distribution. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims through good faith discussions between SYNEX and Concentrix. If such efforts are not successful, either Concentrix or SYNEX may submit the dispute, controversy or claim to nonbinding mediation or, if such nonbinding mediation is not successful, binding arbitration, subject to the provisions of the separation and distribution agreement.

Expenses

Except as expressly set forth in the separation and distribution agreement, any ancillary agreement or as otherwise agreed between the parties, SYNEX will be responsible for all costs and expenses incurred prior to the distribution date in connection with the separation, including costs and expenses relating to legal and tax counsel, financial advisors, the audit of Concentrix' historical combined financial statements, and accounting and valuation advisory work related to the separation. Except as expressly set forth in the separation and distribution agreement or in any ancillary agreement, or as otherwise agreed in writing by SYNEX and Concentrix, all costs and expenses incurred in connection with the separation from and after the distribution date will be paid by the party incurring such cost and expense.

Other Matters

Other matters governed by the separation and distribution agreement will include access to financial and other information, confidentiality, access to and provision of records, legal privileges, and treatment of outstanding guarantees.

Termination

The separation and distribution agreement will provide that it may be terminated, and the distribution may be amended, modified, or abandoned, at any time prior to the distribution in the sole discretion of SYNEX without the approval or consent of any person, including Concentrix, Concentrix' stockholders, or SYNEX' stockholders. In the event of a termination of the separation and distribution agreement prior to the distribution, no party, nor any of its directors, officers, or employees, will have any liability to the other party. After the effective time of the distribution, the separation and distribution agreement may not be terminated except by an agreement in writing signed by both SYNEX and Concentrix.

Amendments

The separation and distribution agreement will provide that no provision of the separation and distribution agreement may be amended, supplemented, or modified except by a written instrument signed by both SYNEX and Concentrix.

Tax Matters Agreement

SYNNEX and Concentrix will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to taxes (including taxes arising in the ordinary course of business and taxes, if any, incurred as a result of any failure of the distribution and certain related transactions to qualify as tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code), tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and assistance and cooperation in respect of tax matters.

In addition, the tax matters agreement will impose certain restrictions on us and our subsidiaries (including restrictions on share issuances, business combinations, sales of assets and similar transactions) that will be designed to preserve the tax-free status of the distribution and certain related transactions. The tax matters agreement will provide special rules that allocate tax liabilities in the event the distribution, together with certain related transactions, is not tax-free under Sections 355 and 368(a)(1)(D) of the Code. In general, under the tax matters agreement, each party is expected to be responsible for any taxes imposed on SYNNEX or Concentrix that arise from the failure of the distribution, together with certain related transactions, to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) and certain other relevant provisions of the Code, in the event that the failure to so qualify is attributable to actions of such party post-separation.

Employee Matters Agreement

SYNNEX and Concentrix will enter into an employee matters agreement prior to the separation that will allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs and other related matters in connection with the separation.

The employee matters agreement will provide that:

- SYNNEX and the entities that are its subsidiaries as of immediately following the effective time of the distribution (the "SYNNEX Group") generally will be responsible for liabilities associated with employees who have been identified as SYNNEX Group employees and liabilities for former employees whose most recent employment with SYNNEX was with the SYNNEX Group or who are otherwise identified as former employees of the SYNNEX Group, and
- Concentrix and the entities that are its subsidiaries immediately following the effective time of the distribution (the "Concentrix Group") generally will be responsible for liabilities associated with employees who have been identified as Concentrix Group employees and liabilities for former employees whose most recent employment with SYNNEX was with the Concentrix Group or who are otherwise identified as former employees of the Concentrix Group.

The employee matters agreement also will describe the general treatment of outstanding SYNNEX equity awards held by SYNNEX employees and Concentrix employees. As of the separation, each outstanding SYNNEX equity award, other than the Spin-off Retention Awards and the SYNNEX executive officer LTI awards, whether held by a SYNNEX employee, a Concentrix employee or a former employee of SYNNEX or Concentrix, will be converted into a SYNNEX equity award and a Concentrix equity award that each relates to the same number of shares of SYNNEX common stock or Concentrix common stock, as the case may be, as the number of shares of SYNNEX common stock to which the SYNNEX equity award relates prior to the separation. In order to preserve the aggregate value of stock options held by each equity award holder the exercise price of each SYNNEX and Concentrix stock option will be modified as necessary to preserve the same ratio of the exercise price to the per share value of the underlying stock as existed prior to the separation. The converted SYNNEX and Concentrix awards will have the same terms, vesting conditions, post-termination exercise rules and other restrictions that applied to the corresponding SYNNEX awards immediately before the separation, except that, for converted awards held by Concentrix employees, references to service with SYNNEX will be deemed to refer to service with Concentrix.

As of the separation, the Spin-off Retention Awards and Mr. Caldwell's LTI awards as an executive officer of SYNnex will be converted into Concentrix RSU awards, with an adjustment to the number of shares of Concentrix common stock to which each award relates to preserve the value of the awards. The converted Concentrix RSU awards will have the same terms, vesting conditions, and other restrictions that applied to the corresponding Spin-off Retention Awards immediately before the separation, except that references to service with SYNnex will be deemed to refer to service with Concentrix. The other SYNnex executive officer LTI awards will remain as SYNnex RSU awards, with an adjustment to the number of shares of SYNnex common stock to which each award relates to preserve the value of the awards.

The employee matters agreement also includes provisions relating to cooperation between SYNnex and Concentrix on matters relating to employees and employee benefits, the sharing of employee information, and other administrative provisions.

Commercial Agreement

SYNnex and Concentrix will enter into a master commercial agreement pursuant to which Concentrix will continue to provide CX solutions services to SYNnex following the separation.

Procedures for Approval of Related Party Transactions

Our board of directors will approve a Related Person Transactions Policy that will be effective upon the completion of the spin-off. The Related Person Transactions Policy will provide for approval by the audit committee of our board of directors of transactions with our company involving more than \$120,000 in which any director, officer, 5% stockholder, or certain related persons or entities has a direct or indirect material interest.

PRINCIPAL STOCKHOLDERS

SYNNEX currently owns all of our outstanding shares of common stock. None of the persons expected to become our directors or our executive officers currently own any shares of our common stock, but those who own shares of SYNNEX common stock will be treated as stockholders of SYNNEX and, accordingly, will receive shares of our common stock in the distribution.

The following tables set forth the number of shares of SYNNEX common stock and the number of shares of our common stock that will be held by the persons expected to become our directors or executive officers immediately upon completion of the spin-off and each stockholder that we believe will be a beneficial owner of more than 5% of any class of our outstanding voting securities immediately after the spin-off, assuming there are no changes in each person's holdings of SYNNEX common stock since October 28, 2020, and based on our estimate as of October 28, 2020 of 51.7 million shares of our common stock outstanding immediately upon completion of the spin-off, using the distribution ratio of one share of our common stock for each share of SYNNEX common stock.

Unless otherwise indicated in the footnotes below, the mailing address of each individual or entity identified below is c/o Concentrix Corporation, 44111 Nobel Drive, Fremont, CA 94538. As used in this information statement, "beneficial ownership" means that a person has, or may have within 60 days of October 28, 2020, the sole or shared power to vote or direct the voting of a security or the sole or shared investment power with respect to a security (that is, the power to dispose or direct the disposition of a security), or both. Unless otherwise indicated in the footnotes below, each individual or entity identified below has sole voting and investment power with respect to such securities.

<u>Expected Directors and Named Executive Officers</u>	<u>Number of Shares of SYNNEX Beneficially Owned</u>	<u>Number of Our Shares to be Beneficially Owned</u>	<u>Percentage Ownership</u>
Christopher Caldwell	106,381	106,381	*
Teh-Chien Chou	—	—	*
LaVerne Council	—	—	*
Jennifer Deason	—	—	*
Kathryn Hayley	—	—	*
Kathryn Marinello	—	—	*
Dennis Polk	160,067	160,067	*
Ann Vezina	6,077	6,077	*
Andre Valentine	11,548	11,548	*
Cormac Twomey	3,707	3,707	*
Richard Rosso	5,748	5,748	*
Steven Richie	6,226	6,226	*
All executive officers and directors as a group (12 persons)	299,754	299,754	*

* Represents less than 1% of the Company's Common Stock.

<u>Principal Stockholders and Address</u>	<u>Number of Shares of SYNEX Beneficially Owned</u>	<u>Number of Our Shares to be Beneficially Owned</u>	<u>Percentage Ownership</u>
MiTAC International Corporation and related parties (1)	9,691,743	9,691,743	18.7%
FMR LLC (2) 245 Summer Street Boston, MA 02210	6,708,510	6,708,510	13.0%
The Vanguard Group (3) 100 Vanguard Blvd Malvern, PA 19355	3,878,682	3,878,682	7.5%
BlackRock, Inc. (4) 55 East 52nd Street New York, NY 10022	3,664,244	3,664,244	7.1%

- (1) Based on information reported on a Schedule 13G/A filed with the SEC on February 5, 2020, this amount represents 5,239,980 shares held by Silver Star Developments Ltd. and 3,859,888 shares held by Peer Developments Ltd. Silver Star Developments Ltd. is a wholly-owned subsidiary of MiTAC International Corporation. The principal business office for MiTAC International Corporation and Silver Star Developments Ltd. is No. 200 Wen Hua 2nd Road, Guishan Dist., Taoyuan City 333, Taiwan. Jhi-Wu Ho and Hsiang-Yung Yang, the directors of Silver Star Developments Ltd., hold shared voting and dispositive power over the shares held by Silver Star Developments Ltd. Peer Developments Ltd. is a wholly-owned subsidiary of Synnex Technology International Corporation. The principal business office for Synnex Technology International Corporation and Peer Developments Ltd. is 4th Floor, No. 75 Sec. 3, Minsheng East Road, Zhongshan Dist., Taipei City 104, Taiwan. Matthew Miao and Shu-Wu Tu, the directors of Peer Developments Ltd., hold shared voting and dispositive power over the shares held by Peer Developments Ltd. Matthew Miao is the Chairman of the Board of Directors of MiTAC International Corporation and Synnex Technology International Corp. and a director of SYNEX. Each of the reporting persons disclaims membership in a group. The beneficial ownership of the 591,875 shares Matthew Miao claims includes 188,222 shares directly held by Mr. Miao, 217,050 shares indirectly held by MASJ Holding Charitable Remainder Trust, and 186,603 shares indirectly held by Mr. Miao's spouse. In addition, MiTAC International Corporation disclaims beneficial ownership of the 3,859,888 shares directly held by Peer Developments Ltd. and disclaims beneficial ownership of the 591,875 shares by Mr. Miao. Synnex Technology International Corporation disclaims beneficial ownership of the 5,239,980 shares directly held by Silver Star Developments Ltd. and disclaims beneficial ownership of the 591,875 shares by Mr. Miao. Mr. Miao disclaims beneficial ownership of the 5,239,980 shares directly held by Silver Star Developments Ltd. and disclaims beneficial ownership of the 3,859,888 shares directly held by Peer Developments Ltd.
- (2) Based solely on information reported on a Schedule 13G/A filed with the SEC on February 7, 2020 by FMR LLC, this amount reflects securities beneficially owned, or that may be deemed to be beneficially owned, by FMR LLC, certain of its subsidiaries and affiliates, and other companies. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. FMR reports sole voting power with respect to 586,432 shares and sole dispositive power with respect to 6,708,510.

- (3) Based solely on information reported on a Schedule 13G/A filed with the SEC on February 12, 2020 by The Vanguard Group. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 15,676 shares, as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 13,502 shares as a result of its serving as investment manager of Australian investment offerings. The Vanguard Group reports sole voting power with respect to 21,377 shares and sole dispositive power with respect to 3,855,205 shares. The Vanguard Group reports shared voting power with respect to 7,801 shares and shared dispositive power with respect to 23,477 shares.
- (4) Based solely on information reported on a Schedule 13G/A filed with the SEC on February 6, 2020 by BlackRock, Inc., this amounts consists of shares beneficially owned by BlackRock, Inc. by virtue of holdings by the following subsidiaries: BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Limited, BlackRock Investment Management, LLC, BlackRock Life Limited, BlackRock (Netherlands) B.V., and Blackrock Advisors (UK) Limited. Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the shares. No one person's interest in the shares is more than five percent of the total outstanding common shares. BlackRock reports sole voting power with respect to 3,494,934 shares and sole dispositive power with respect to 3,664,244 shares.

DESCRIPTION OF MATERIAL INDEBTEDNESS

On October 16, 2020, we entered into a new senior secured credit facility, which provides for the extension of revolving loans of up to \$600 million (the “Revolver”) and term loan borrowings of up to \$900 million (the “Term Loan” and, together with the Revolver, the “Credit Facility”). On October 30, 2020, we entered into a new \$350 million accounts receivable securitization facility (the “Securitization Facility”) pursuant to certain agreements, including a Receivables Financing Agreement and a Receivables Purchase Agreement. Set forth below is a summary of the terms of the Credit Facility and the Securitization Facility. The descriptions of the Credit Facility and the Securitization Facility are qualified in their entirety by reference to the Credit Facility, the Receivables Financing Agreement and the Receivables Purchase Agreement, which are filed as exhibits to the registration statement on Form 10, of which this information statement forms a part, and which are incorporated by reference into this information statement.

Credit Facility

The Credit Facility has an initial term of five years after the date on which funds are initially advanced. The outstanding principal amount of the Term Loan is payable in quarterly installments in an amount equal to 1.25% of the original principal amount advanced on the initial funding date commencing on the last day of the second full fiscal quarter after the initial funding date, with the unpaid balance due in full on the maturity date. Concentrix is permitted to voluntarily prepay the loans under the Credit Facility at any time without any penalty, other than breakage fees. We may request, subject to obtaining commitments from any participating lenders and certain other conditions, incremental commitments to increase the amount of the Revolver or Term Loan available under the Credit Facility in an aggregate principal amount equal to \$450.0 million, plus an additional amount, so long as after giving effect to the incurrence of such additional amount, our pro forma first lien leverage ratio would not exceed 3.00 to 1.00.

Obligations under the Credit Facility will be secured by substantially all of the assets of Concentrix and certain of its U.S. subsidiaries and will be guaranteed by certain of its U.S. subsidiaries.

Borrowings under the Revolver and the Term Loan will bear interest, in the case of LIBOR rate loans, at a per annum rate equal to the applicable LIBOR rate (but not less than 0.25%), plus an applicable margin, which will range from 1.25% to 2.25%, based on Concentrix’ consolidated leverage ratio. Borrowings under the Credit Facility that are not LIBOR rate loans will bear interest at a per annum rate equal to (i) the greatest of (a) the Federal Funds Rate in effect on such day plus 1/2 of 1.0%, (b) the rate of interest last publicly announced by Bank of America as its “prime rate” and (c) the LIBOR rate plus 1.0%, plus (ii) an applicable margin, which may range from 0.25% to 1.25%, based on Concentrix’ consolidated leverage ratio. Upon the initial funding date, we anticipate that the applicable margin will be 2.0% for LIBOR rate loans and 1.0% for non-LIBOR rate loans. Commitments under the Revolver will be subject to a commitment fee on the unused portion of the Revolver, which fee will range from 25 to 45 basis points, based on Concentrix’ consolidated leverage ratio. Upon the initial funding date, the commitment fee will be 40 basis points.

The Credit Facility contains various loan covenants that restrict the ability of Concentrix and its subsidiaries to take certain actions on or after the initial funding date, including, incurrence of indebtedness, creation of liens, mergers or consolidations, dispositions of assets, repurchase or redemption of capital stock, making certain investments, entering into certain transactions with affiliates or changing the nature of their business. In addition, the Credit Facility contains financial covenants that require Concentrix to maintain at the end of any of its fiscal quarters commencing with the first fiscal quarter ending after the initial funding date, (i) a consolidated leverage ratio not to exceed 3.75:1.0 and (ii) a consolidated interest coverage ratio equal to or greater than 3.00:1.0. The Credit Facility also contains various customary events of default, including payment defaults, defaults under certain other indebtedness, and a change of control of Concentrix.

We expect the initial funding under the Credit Facility to occur substantially concurrently with the spin-off. The lenders’ obligation to fund the borrowings on the initial funding date is subject to several conditions,

including, among others, that the plan to separate Concentrix shall have occurred substantially concurrently at the same time as such funding, that the amount of borrowings under the Revolver funded on the initial funding date does not exceed \$100.0 million, that Concentrix shall have entered into the Securitization Facility meeting certain conditions (which have been satisfied by our entering into the Securitization Facility), and other customary conditions.

Securitization Facility

Under the Securitization Facility, Concentrix and certain of its subsidiaries will sell or otherwise transfer all of their accounts receivable to a special purpose bankruptcy-remote subsidiary of Concentrix that will grant a security interest in the receivables to the lenders in exchange for available borrowings of up to \$350 million. Borrowing availability under the Securitization Facility may be limited by changes in the credit ratings of the clients comprising the receivables, client concentration levels in the receivables, and certain characteristics of the accounts receivable being transferred (including factors tracking performance of the accounts receivable over time). The Securitization Facility has an initial term of two years.

Borrowings under the Securitization Facility will bear interest with respect to loans that are funded through the issuance of commercial paper at the applicable commercial paper rate plus a spread of 1.05% and, otherwise, at a per annum rate equal to the applicable LIBOR rate plus a spread of 1.15%. Concentrix will also be obligated to pay a monthly undrawn fee from the initial funding date that will range from 30 to 37.5 basis points based on the portion of the Securitization Facility that is undrawn.

The Securitization Facility contains various affirmative and negative covenants, including a consolidated leverage ratio covenant that is consistent with the Credit Facility and customary events of default, including payment defaults, defaults under certain other indebtedness, a change in control of Concentrix, and certain events negatively affecting the overall credit quality of the transferred accounts receivable.

We expect the initial funding under the Securitization Facility to occur substantially concurrently with the spin-off. The lenders' obligation to fund the borrowings on the initial funding date is subject to several conditions, including, among others, that the plan to separate Concentrix shall have occurred prior to or substantially concurrently with such funding, and other customary conditions.

DESCRIPTION OF CAPITAL STOCK

General

Concentrix' certificate of incorporation and bylaws will be amended and restated prior to the separation. The following description of our capital stock and provisions of our certificate of incorporation and bylaws is a summary of the material terms of Concentrix' capital stock that will be contained in our amended and restated certificate of incorporation and bylaws at the time of the distribution. You should refer to the copies of our certificate of incorporation and bylaws that will be in effect at the time of the distribution, which are filed with the SEC as exhibits to our Form 10, of which this information statement is a part, and to the applicable provisions of Delaware law.

Authorized Capital Stock

Under Concentrix' certificate of incorporation, the total number of shares of all classes of shares that Concentrix has authority to issue is 260,000,000, including 250,000,000 shares of common stock, \$0.0001 par value per share, and 10,000,000 shares of undesignated preferred stock, \$0.0001 par value per share. Except as otherwise provided in Concentrix' certificate of incorporation or in a board resolution, shares purchased, redeemed by, surrendered to, or otherwise acquired by Concentrix assume the status of authorized but unissued shares, undesignated as to class or series, and may thereafter be reissued in the same manner as other authorized but unissued shares.

Concentrix Common Stock

The holders of shares of Concentrix common stock are entitled to dividends as Concentrix' board of directors may declare from time to time from legally available funds subject to the preferential rights of the holders of any shares of Concentrix preferred stock that may be issued in the future. The holders of shares of Concentrix common stock are entitled to one vote per share on any matter to be voted upon by Concentrix stockholders and Concentrix' certificate of incorporation does not provide for cumulative voting in connection with the election of directors.

No holder of shares of Concentrix common stock will have any preemptive right to subscribe for any shares of Concentrix capital stock issued in the future, and there are no redemption or sinking fund provisions applicable to the common stock.

Upon any voluntary or involuntary liquidation, dissolution, or winding up of Concentrix' affairs, the holders of shares of Concentrix common stock are entitled to share, on a pro rata basis, all assets remaining after payment to creditors and subject to prior distribution rights of any shares of Concentrix preferred stock that may be issued in the future. After the distribution, all of the outstanding shares of common stock will be fully paid and non-assessable.

Concentrix Preferred Stock

Under Concentrix' certificate of incorporation, Concentrix' board of directors, without further action by the Concentrix stockholders, will be authorized to issue shares of preferred stock in one or more classes or series. Concentrix' board of directors may fix the rights, preferences and privileges of the preferred stock, along with any limitations or restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of each class or series of preferred stock. The shares of Concentrix preferred stock could have voting or conversion rights that could adversely affect the voting power or other rights of holders of shares of Concentrix common stock. The issuance of shares of Concentrix preferred stock could also have the effect, under certain circumstances, of delaying, deferring or preventing a takeover or other transaction that holders of some or a majority of shares of Concentrix common stock might believe to be in their best interests or in which holders might receive a premium for their shares over the then-market price of the shares. Concentrix currently has no plans to issue any shares of preferred stock.

Annual Election of Directors

At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast by the stockholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for consideration by the board of directors, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election.

Removal of Directors

Concentrix' bylaws will provide that its stockholders may remove its directors with or without cause with the affirmative vote of the holders of at least two-thirds of the outstanding shares of Concentrix' voting stock.

Exclusive Forum

Our bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for any action or proceeding:

- brought in a derivative manner in the name or right of the company or on our behalf;
- asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders;
- asserting a claim against us arising pursuant to any provision of the General Corporation Law of the State of Delaware or any provision of our certificate of incorporation or bylaws; or
- asserting a claim governed by the internal affairs doctrine.

Under our bylaws, if no state court located within the State of Delaware has jurisdiction over any matter, then the applicable claim, suit, action or proceeding is required to be brought in the federal district court for the State of Delaware. Furthermore, any complaint asserting a cause of action under the Securities Act against us or any of our directors, officers, employees or agents will be exclusively brought in U.S. federal district court. Any person or entity purchasing or otherwise acquiring any interest in shares of Concentrix common stock is deemed to have notice of and consented to the exclusive forum provisions.

To the fullest extent permitted by law, the Delaware exclusive forum provision will apply to state and federal law claims other than those claims under the Securities Act for which our bylaws designate U.S. federal district court as the exclusive forum. However, stockholders will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder, and the application of the exclusive forum provision may in some instances be limited by applicable law. For example, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

Although we believe this provision benefits us by providing increased consistency in the application of Delaware law or U.S. federal securities law in the types of lawsuits to which it applies, the provision may have the effect of limiting a stockholder's ability to bring a claim in a judicial forum that the stockholder finds favorable for disputes with us or our directors or officers, or may result in a stockholder incurring additional costs in order to commence litigation in Delaware or U.S. federal district court, each of which may discourage such lawsuits against us and such persons. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation or similar governing documents has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our bylaws to be inapplicable or unenforceable in such action.

Certain Anti-Takeover, Limited Liability, and Indemnification Provisions

Concentrix' certificate of incorporation and bylaws described below may have the effect of delaying, deferring, or discouraging another person from acquiring control of Concentrix.

Concentrix Certificate of Incorporation and Bylaw Provisions

Concentrix' certificate of incorporation and Concentrix' bylaws include provisions that may have the effect of discouraging, delaying, or preventing a change in control or an unsolicited acquisition proposal that a Concentrix stockholder might consider favorable, including a proposal that might result in the payment of a premium over the market price for the shares held by Concentrix' stockholders. These provisions are summarized in the following paragraphs.

- *Supermajority Voting.* Concentrix' certificate of incorporation requires the approval of the holders of at least 66 2/3% of Concentrix' combined voting power to effect certain amendments to Concentrix' certificate of incorporation. Concentrix' bylaws may be amended by either a majority of Concentrix' board of directors, or the holders of 66 2/3% of the Concentrix' voting stock.
- *Delaware Anti-Takeover Statute.* Concentrix will be subject to Section 203 of the General Corporation Law of the State of Delaware (the "DGCL"), an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless the business combination or the acquisition of shares that resulted in a stockholder becoming an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. 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. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by Concentrix' board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by Concentrix' stockholders.
- *Authorized but Unissued or Undesignated Capital Stock.* The Concentrix' authorized capital stock consists of 250 million shares of common stock and 10 million shares of preferred stock. No preferred stock will be designated following the spin-off. After the spin-off, Concentrix estimates that it will have outstanding approximately 51.7 million shares of Concentrix' common stock. The authorized but unissued (and in the case of preferred stock, undesignated) shares of Concentrix stock may be issued by Concentrix' board of directors in one or more transactions without your approval. We may use additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. Moreover, Concentrix' certificate of incorporation grants Concentrix' board of directors broad power to establish the rights and preferences of authorized and unissued preferred stock. The issuance of shares of Concentrix preferred stock pursuant to Concentrix' board of directors' authority described above could decrease the amount of earnings and assets available for distribution to holders of shares of Concentrix common stock and adversely affect the rights and powers, including voting rights, of such holders and may have the effect of delaying, deferring or preventing a change in control. Concentrix' board of directors does not currently intend to seek Concentrix' stockholder approval prior to any issuance of preferred stock, unless otherwise required by law.
- *Concentrix Board and Vacancies.* Concentrix' bylaws provide that the number of directors on its board of directors will be fixed exclusively by its board of directors. Any vacancies created in its board of directors resulting from any increase in the authorized number of directors or the death, resignation, retirement, disqualification, removal from office, or other cause may only be filled by a majority of the

board of directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on Concentrix' board of directors will be appointed for a term expiring at the next annual meeting, and until his or her successor has been elected and qualified.

- *Special Meetings of Stockholders.* Concentrix' certificate of incorporation and Concentrix' bylaws provide that special meetings of Concentrix stockholders may be called only by the chairman of Concentrix' board of directors or by a majority of Concentrix' board of directors. Stockholders may not call special stockholder meetings.
- *No Stockholder Action by Written Consent.* Concentrix' certificate of incorporation and Concentrix' bylaws provide that an action required or permitted to be taken at any annual or special meeting of Concentrix' stockholders may only be taken at a duly called annual or special meeting of Concentrix' stockholders. This provision prevents Concentrix' stockholders from initiating or effecting any action by written consent, and thereby taking actions opposed by Concentrix' board of directors.
- *Notice Procedures.* Concentrix' bylaws establish advance notice procedures with regard to all Concentrix stockholder proposals to be brought before meetings of Concentrix stockholders, including proposals relating to the nomination of candidates for election as directors, the removal of directors, and amendments to Concentrix' certificate of incorporation or Concentrix' bylaws. These procedures provide that notice of such Concentrix stockholder proposals must be timely given in writing to the Concentrix Secretary prior to the meeting. The notice must contain certain information specified in Concentrix' bylaws.
- *No Cumulative Voting.* The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. Concentrix' certificate of incorporation will not provide for cumulative voting.

Other Anti-Takeover Provisions

Concentrix' certificate of incorporation limits the liability of the Concentrix directors (in their capacity as directors but not in their capacity as officers) to Concentrix or Concentrix stockholders to the fullest extent permitted by Delaware law. Specifically, Concentrix directors will not be personally liable for monetary damages for breach of a director's fiduciary duty as a director, except for liability:

- For any breach of the director's duty of loyalty to Concentrix or Concentrix stockholders;
- For acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- Under Section 174 of the DGCL, which relates to unlawful payments of dividends or unlawful stock repurchases or redemption; or
- For any transaction from which the director derived an improper personal benefit.

Indemnification Arrangements

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for certain breaches of directors' fiduciary duties as directors, and our certificate of incorporation includes such an exculpation provision. Our certificate of incorporation includes provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of Concentrix, or for serving at our request as a director or officer or another position at another corporation or enterprise, as the case may be. Our certificate of incorporation also provides that we may advance reasonable expenses to its directors and officers, subject to the receipt of an undertaking by or on behalf of the indemnified party. Our certificate of incorporation expressly authorizes us to carry directors' and officers' insurance to protect Concentrix, its directors, officers and certain employees for some liabilities.

Concentrix expects to enter into indemnification agreements with each of its directors and executive officers that provide them with rights to indemnification and expense advancement to the fullest extent permitted under the DGCL.

The limitation of liability and indemnification provisions in our certificate of incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. However, these provisions do not limit or eliminate our rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions do not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any Concentrix directors, officers, or employees for which indemnification is sought.

Listing

We have applied to have our shares of common stock listed on the Nasdaq Global Select Market under the symbol "CNXC."

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for our common stock will be Computershare Trust Company, N.A.

WHERE YOU CAN FIND MORE INFORMATION

Concentrix has filed a registration statement on Form 10 with the SEC with respect to the shares of Concentrix common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement, including the exhibits and schedules thereto. For further information with respect to Concentrix and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, on the internet website maintained by the SEC at www.sec.gov. We maintain an internet website at www.concentrix.com. Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, Concentrix will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements, and other information with the SEC.

Concentrix intends to furnish holders of its common stock with annual reports containing consolidated financial statements prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or incorporated herein by reference. Concentrix has not authorized any person to provide you with different information or to make any representation not contained in this information statement or incorporated herein by reference.

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**AUDITED COMBINED FINANCIAL STATEMENTS OF CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNnex CORPORATION)**

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
SYNNEX Corporation:

Opinion on the Combined Financial Statements

We have audited the accompanying combined balance sheets of Concentrix, the Customer Experience Services business (the Company) of SYNNEX Corporation as of November 30, 2019 and 2018, the related combined statements of operations, comprehensive income, parent equity, and cash flows for each of the years in the three year period ended November 30, 2019, and the related notes and financial statement Schedule II: Valuation and Qualifying Accounts (collectively, the combined financial statements). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three year period ended November 30, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined 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 and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the combined 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 combined 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 combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

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

Cincinnati, Ohio
February 21, 2020

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNnex CORPORATION)

COMBINED BALANCE SHEETS
(currency in thousands)

	November 30, 2019	November 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 79,656	\$ 123,389
Accounts receivable, net	931,082	943,613
Receivable from SYNnex Corporation ("Parent")	17,495	14,854
Loan receivable from Parent	67,676	37,210
Other current assets	203,696	179,474
Total current assets	1,299,605	1,298,540
Property and equipment, net	411,465	419,603
Goodwill	1,829,328	1,775,541
Intangible assets, net	934,123	1,104,497
Deferred tax assets	64,879	71,347
Other assets	114,355	97,465
Total assets	<u>\$ 4,653,755</u>	<u>\$ 4,766,993</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Convertible debentures	\$ —	\$ 69,762
Accounts payable	44,558	46,301
Payable to Parent	85,898	90,344
Loans payable to Parent	1,981,385	2,172,977
Accrued compensation and benefits	323,821	289,932
Other accrued liabilities	246,437	313,973
Income taxes payable	16,209	29,406
Total current liabilities	2,698,308	3,012,695
Other long-term liabilities	297,034	253,413
Deferred tax liabilities	188,572	181,083
Total liabilities	<u>3,183,914</u>	<u>3,447,191</u>
Commitments and contingencies (note 13)		
Equity:		
Parent company investment	1,519,923	1,359,001
Accumulated other comprehensive income (loss)	(50,082)	(39,199)
Total Parent equity	<u>1,469,841</u>	<u>1,319,802</u>
Total liabilities and equity	<u>\$ 4,653,755</u>	<u>\$ 4,766,993</u>

(Amounts may not add due to rounding)
The accompanying notes are an integral part of these combined financial statements.

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNEX CORPORATION)

COMBINED STATEMENTS OF OPERATIONS
(currency in thousands)

	<u>Fiscal Years Ended November 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenue			
Customer experience services	\$ 4,687,327	\$ 2,444,867	\$ 1,974,830
Customer experience services to Parent	<u>20,585</u>	<u>18,284</u>	<u>15,350</u>
Total revenue	4,707,912	2,463,151	1,990,180
Cost of revenue			
Cost of revenue for customer experience services	2,946,664	1,514,470	1,232,666
Cost of revenue related to services to Parent	<u>12,800</u>	<u>11,129</u>	<u>8,360</u>
Gross profit	1,748,448	937,552	749,154
Selling, general and administrative expenses	<u>(1,454,116)</u>	<u>(792,791)</u>	<u>(634,531)</u>
Operating income	294,332	144,761	114,623
Interest expense (primarily related to borrowings from Parent) and finance charges, net	(92,196)	(38,239)	(24,020)
Other income (expense), net	<u>2,280</u>	<u>4,386</u>	<u>(2,326)</u>
Income before income taxes	204,416	110,908	88,277
Provision for income taxes	<u>(87,252)</u>	<u>(62,637)</u>	<u>(16,027)</u>
Net income	<u>\$ 117,164</u>	<u>\$ 48,271</u>	<u>\$ 72,250</u>

(Amounts may not add due to rounding)
The accompanying notes are an integral part of these combined financial statements.

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNEX CORPORATION)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME
(currency in thousands)

	<u>Fiscal Years Ended November 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net income	\$ 117,164	\$ 48,271	\$ 72,250
Other comprehensive income (loss):			
Change in unrealized losses of defined benefit plans, net of taxes of \$5,909, \$0 and \$0 for fiscal years ended November 30, 2019, 2018 and 2017, respectively	(28,289)	(892)	(1,483)
Reclassification of net (gains) losses to net income, net of tax of \$0 for fiscal years ended November 30, 2019, 2018 and 2017.	1,791	—	—
Total change in unrealized losses of defined benefit plans, net of taxes	<u>(26,498)</u>	<u>(892)</u>	<u>(1,483)</u>
Unrealized gains (losses) on cash flow hedges during the period, net of taxes of \$(5,197), \$(6,835) and \$0 for fiscal years ended November 30, 2019, 2018 and 2017, respectively.	15,574	20,376	—
Reclassification of net (gains) losses on cash flow hedges to net income, net of tax expense (benefit) of \$5,891, \$313 and \$0 for fiscal years ended November 30, 2019, 2018 and 2017, respectively.	(17,493)	(935)	—
Total change in unrealized gains (losses) on cash flow hedges, net of taxes	<u>(1,919)</u>	<u>19,441</u>	<u>—</u>
Foreign currency translation adjustments, net of taxes of \$0 for fiscal years ended November 30, 2019, 2018 and 2017	17,534	(33,543)	22,406
Other comprehensive income (loss)	<u>(10,883)</u>	<u>(14,994)</u>	<u>20,923</u>
Comprehensive income	<u>\$ 106,281</u>	<u>\$ 33,277</u>	<u>\$ 93,173</u>

(Amounts may not add due to rounding)

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

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNnex CORPORATION)

COMBINED STATEMENTS OF PARENT EQUITY
(currency in thousands)

	<u>Parent company investment</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Total Parent equity</u>
Balances, November 30, 2016	\$ 208,237	\$ (45,128)	\$ 163,109
Share-based compensation	5,088	—	5,088
Investment by Parent in a Concentrix legal entity	174	—	174
Other comprehensive income (loss)	—	20,923	20,923
Net income	<u>72,250</u>	<u>—</u>	<u>72,250</u>
Balances, November 30, 2017	285,749	(24,205)	261,544
Share-based compensation	7,652	—	7,652
Parent stock issued for acquisition of Convergys	1,017,329	—	1,017,329
Other comprehensive income (loss)	—	(14,994)	(14,994)
Net income	<u>48,271</u>	<u>—</u>	<u>48,271</u>
Balances, November 30, 2018	1,359,001	(39,199)	1,319,802
Share-based compensation	10,351	—	10,351
Other comprehensive income (loss)	—	(10,883)	(10,883)
Hypothetical current tax expense recorded for separate return basis presentation	33,407	—	33,407
Net income	<u>117,164</u>	<u>—</u>	<u>117,164</u>
Balances, November 30, 2019	<u>\$ 1,519,923</u>	<u>\$ (50,082)</u>	<u>\$ 1,469,841</u>

(Amounts may not add due to rounding)

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

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNEX CORPORATION)

COMBINED STATEMENTS OF CASH FLOWS
(currency in thousands)

	Fiscal Years Ended November 30,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	\$ 117,164	\$ 48,271	\$ 72,250
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	139,174	80,274	65,616
Amortization	166,606	74,324	64,252
Share-based compensation	10,351	7,652	5,088
Provision for doubtful accounts	5,134	201	1,262
Deferred income taxes	(16,281)	(11,377)	(18,085)
Hypothetical current tax expense recorded for separate return basis presentation	33,407	—	—
Unrealized foreign exchange (gains) losses	1,973	8,194	(2,868)
Convertible debt conversion option fair value and extinguishment (gains) losses	1,559	(9,996)	—
Other	1,410	57	288
Changes in operating assets and liabilities, net of acquisition of businesses:			
Accounts receivable, net	6,286	(8,488)	(20,048)
Receivable from Parent	(2,641)	12,232	(12,791)
Payable to Parent	(4,446)	55,120	(5,880)
Accounts payable	(4,998)	(28,138)	(7,502)
Other operating assets and liabilities	(4,962)	(16,003)	26,783
Net cash provided by operating activities	<u>449,736</u>	<u>212,323</u>	<u>168,365</u>
Cash flows from investing activities:			
Purchases of held-to-maturity investments	—	(34)	(4,183)
Proceeds from maturity of held-to-maturity investments	—	1,021	1,962
Proceeds from sale of trading investments	—	12,893	—
Loan to non-Concentrix subsidiary of Parent as part of its centralized treasury operations	(30,466)	—	—
Purchases of property and equipment	(111,122)	(92,518)	(78,702)
Acquisition of businesses, net of cash acquired and refunds	(9,426)	(1,072,335)	(57,809)
Net cash used in investing activities	<u>(151,014)</u>	<u>(1,150,973)</u>	<u>(138,732)</u>
Cash flows from financing activities:			
Proceeds from borrowings	—	—	24,000
Repayments of borrowings	(148,047)	(325,939)	(24,000)
Proceeds from borrowings from Parent	—	1,277,160	251,009
Repayments of borrowings from Parent	(191,592)	—	(288,310)
Net cash provided by (used in) financing activities	<u>(339,639)</u>	<u>951,221</u>	<u>(37,301)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3,453)	(12,446)	4,918
Net increase (decrease) in cash, cash equivalents and restricted cash	(44,370)	125	(2,750)
Cash, cash equivalents and restricted cash at beginning of year	127,884	127,759	130,509
Cash, cash equivalents and restricted cash at end of year	<u>\$ 83,514</u>	<u>\$ 127,884</u>	<u>\$ 127,759</u>
Supplemental disclosures of cash flow information:			
Interest paid on borrowings	\$ —	\$ 36	\$ 205
Income taxes paid	\$ 103,644	\$ 45,217	\$ 31,341
Supplemental disclosure of non-cash investing activities:			
Fair value of common stock issued by Parent for acquisition of business	\$ —	\$ 1,017,329	\$ —
Accrued costs for property and equipment purchases	\$ 8,344	\$ 3,732	\$ 1,526

(Amounts may not add due to rounding)

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

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNnex CORPORATION)

NOTES TO COMBINED FINANCIAL STATEMENTS
(currency and share amounts in thousands, except per share amounts)

NOTE 1—BACKGROUND AND BASIS OF PRESENTATION:

Background

The customer experience services (“CX”) business of SYNnex Corporation (“SYNnex” or the “Parent”), is a leading global provider of technology-infused CX solutions and end-to-end global business outsourcing services focused on customer experience, process optimization, technology innovation, front and back-office automation and business transformation to clients in five primary industry verticals.

On January 9, 2020, SYNnex announced a plan to separate the CX business into an independent publicly-traded company, in a transaction expected to be completed in the second half of 2020. The CX business is held entirely within certain wholly-owned subsidiaries of SYNnex. Except for transactions described in note 10, these wholly-owned subsidiaries do not perform activities related to any non-CX business of SYNnex. As the separate legal entities that make up the CX business were not historically held by a single legal entity, SYNnex has undertaken a series of transactions in preparation for the separation, following which Concentrix Corporation will hold directly or indirectly through its subsidiaries, the CX business (“Concentrix,” the “CX business” or the “Company”). The separation is expected to be completed by a pro rata distribution of the shares of common stock of Concentrix Corporation held by SYNnex to stockholders of SYNnex. Completion of the separation will not require a vote by SYNnex’ stockholders but will be subject to customary closing conditions, including, among others, obtaining final approval from SYNnex’ Board of Directors, receipt of a favorable opinion with respect to the tax-free nature of the transaction for federal income tax purposes, and a declaration by the Securities and Exchange Commission (“SEC”) of the effectiveness of the Form 10 registration statement of which these combined financial statements form a part.

Basis of presentation

The CX business is held entirely within certain wholly-owned subsidiaries of SYNnex dedicated to the CX business. As the separate legal entities that make up the CX business were not historically held by a single legal entity, these combined financial statements of the Company have been prepared in connection with the expected separation and have been derived from the SYNnex Consolidated Financial Statements and accounting records of the Parent as if the Company had been operated on a stand-alone basis during the periods presented. These combined financial statements were prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and pursuant to the rules and regulations of the SEC. All direct revenue and expenses attributable to the Concentrix business including certain allocations of Parent costs and expenses have been separately maintained in a separate ledger in the legal entities that make up the Concentrix business. As the separate legal entities that make up the Concentrix business were not historically held by a single legal entity, Parent company investment is shown in lieu of stockholders’ equity in the combined financial statements. All significant intercompany balances and transactions between the legal entities that comprise Concentrix have been eliminated.

Management of the Company and Parent consider allocations of Parent costs to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense the Company would have incurred as a stand-alone company for the periods presented. Actual costs that may have been incurred if the Company had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and other strategic decisions.

Certain of SYNnex' subsidiaries, including certain Concentrix legal entities in the United States, jointly and severally guarantee certain of SYNnex' borrowing arrangements in the United States. All SYNnex subsidiaries, including Concentrix, have pledged their assets as security under the agreement. Historically, Concentrix received or provided funding for acquisitions or ongoing operations as part of SYNnex' centralized treasury program. Accordingly, only cash amounts specifically recorded in the separate Concentrix ledger are reflected in the combined balance sheets. The Company reflects transfers of the cash from the Parent's cash management system as loans or other accounts payable to the Parent or a reduction of accounts or loans receivable in the combined balance sheets based on the purpose for which the cash was provided by the Parent. Similarly, cash transfers to the Parent are reflected as reduction of loans or other accounts payable to the Parent or as loans receivable from the Parent. The cash payments and receipts are recorded in the combined statements of cash flows as operating or financing activities based on the nature of the transactions for which the funds were transferred between the Company and the Parent. The only third-party debt obligations included in these combined financial statements are those for which the legal obligor is a legal entity within the CX business and obtained funds directly from the third-party lender. Such third-party debt arrangements are currently expected to continue post-separation from SYNnex.

Operations of Concentrix are included in the consolidated U.S. federal, and certain state and local income tax returns filed by SYNnex, where applicable. Concentrix also files certain separate state, local and foreign tax returns. Income tax expense and other income tax related information contained in the combined financial statements are presented on a separate return basis, which requires us to estimate tax expense as if the Company filed a separate return apart from SYNnex. The income taxes of Concentrix as presented in the combined financial statements may not be indicative of the income taxes that Concentrix will incur in the future.

Within the financial statements and tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. The Company evaluates these estimates on a regular basis and bases them on historical experience and on various assumptions that the Company believes are reasonable. Actual results could differ from the estimates.

Principles of combination

The Company's combined financial statements include the combined accounts of SYNnex' wholly-owned subsidiaries engaged in the CX business, in which no substantive participating rights are held by minority stakeholders, and variable interest entities in the core business if the Company is the primary beneficiary. All intercompany accounts and transactions within the entities included in the combined financial statements have been eliminated.

Segment reporting

Concentrix operations are based on an integrated global delivery model whereby services under a client contract in one location may be provided from delivery centers located in one or more different countries with more than half of the Company's workforce located in Philippines and India. Given the homogeneity of technology-infused CX services and the integrated delivery model, the Company operates in a single segment, based on how the chief operating decision maker ("CODM") views and evaluates the Company's operations in making operational and strategic decisions and assessments of financial performance. The Company's President and Chief Executive Officer has been identified as the CODM.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity or remaining maturity at the date of purchase of three months or less to be cash equivalents. Cash equivalents consist principally of money market deposit accounts that are stated at cost, which approximates fair value. The Company is exposed to credit risk in the event of default by financial institutions to the extent that cash balances with financial institutions are in excess of amounts that are insured.

Allowance for doubtful accounts

The allowance for doubtful accounts is an estimate to cover the losses resulting from uncertainty regarding collections from customers to make payments for outstanding balances. In estimating the required allowance, the Company takes into consideration the overall quality and aging of the accounts receivable, credit evaluations of customers' financial condition. The Company also evaluates the collectability of accounts receivable based on specific customer circumstances, current economic trends, historical experience with collections and any value and adequacy of collateral received from customers.

Unbilled Receivables

In the majority of service contracts, the Company performs the services prior to billing the customer. Billing usually occurs in the month after the Company performs the services or in accordance with the specific contractual provisions.

Derivative Financial Instruments

The Company accounts for its derivative instruments as either assets or liabilities and carries them at fair value.

For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated as cash flow hedges, the gain or loss on the derivative instrument is reported as a component of "Accumulated other comprehensive income (loss)," in Parent equity and reclassified into earnings in the same line associated with the forecasted transactions, in the same period or periods during which the hedged transaction affects earnings. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions.

For derivative instruments that are not designated as hedges, gains and losses on derivative instruments are reported in the combined statements of operations in the current period.

Software Costs

The Company develops software platforms for internal use. The Company capitalizes costs incurred to develop software subsequent to the software product reaching the application development stage. The Company also capitalizes the costs incurred to extend life of the existing software, or the cost of significant enhancements that are added to the features of existing software. The capitalized development costs primarily comprise payroll costs and related software costs. Capitalized costs are amortized over the economic life of the software on the straight line amortization method.

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method based upon the shorter of the estimated useful lives of the assets, or the lease term of the respective assets, if applicable. Maintenance and repairs are charged to

expense as incurred, and improvements are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in operations in the period realized. The ranges of estimated useful lives for property and equipment categories are as follows:

Equipment and furniture	3 - 10 years
Software	3 - 7 years
Leasehold improvements	2 - 15 years
Buildings and building improvements	10 - 39 years

Business Combinations

The purchase price is allocated to the assets acquired, liabilities assumed, and non-controlling interests in the acquired entity generally based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquired entity is recorded as goodwill. The primary items that generate goodwill include the value of the synergies between the acquired entity and the Company and the value of the acquired assembled workforce, neither of which qualify for recognition as an intangible asset. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available. The Company includes the results of operations of the acquired business in the combined financial statements prospectively from the date of acquisition. Acquisition-related charges are recognized separately from the business combination and are expensed as incurred. These charges primarily include direct third-party professional and legal fees, and integration-related costs.

Goodwill and intangible assets

The values assigned to intangible assets are based on estimates and judgment regarding expectations for length of customer relationships and success of life cycle of technologies acquired in a business combination. Purchased intangible assets are amortized over the useful lives based on estimates of the use of the economic benefit of the asset or on the straight-line amortization method.

The Company tests goodwill for impairment annually at the reporting unit level in the fiscal fourth quarter or more frequently if events or changes in circumstances indicate that it may be impaired. Goodwill is tested for impairment at the reporting unit level by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. The factors that are considered in the qualitative analysis include macroeconomic conditions, industry and market considerations, cost factors such as increases in labor, or other costs that would have a negative effect on earnings and cash flows; and other relevant entity-specific events and information.

If the reporting unit does not pass the qualitative assessment, then the reporting unit's carrying value is compared to its fair value. The fair value of the reporting unit is estimated using market and discounted cash flow approaches. The assumptions used in the market approach are based on the value of a business through an analysis of revenue and other multiples of guideline companies and recent sales of or offerings by a comparable entity. The assumptions used in the discounted cash flow approach are based on historical and forecasted revenue, operating costs, future economic conditions, and other relevant factors. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value and the excess is recognized as an impairment loss.

No goodwill impairment has been identified for any of the years presented.

Intangible assets consist of customer relationships, technology and trade names. Amortization is based on the pattern in which the economic benefits of the intangible assets will be consumed or on a straight line basis when the consumption pattern is not apparent over the following useful lives:

Customer relationships	10 - 15 years
Technology	5 years
Trade names	5 years

Impairment of long-lived assets

The Company reviews the recoverability of its long-lived assets, such as intangible assets, property and equipment and certain other assets, when events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows, undiscounted and without interest charges, of the related operations. If these cash flows are less than the carrying value of such assets, an impairment loss is recognized for the difference between estimated fair value and carrying value.

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of cash and cash equivalents, accounts receivable and derivative instruments.

The Company's cash and cash equivalents and derivative instruments are transacted and maintained with financial institutions with high credit standing, and their compositions and maturities are regularly monitored by management. Through November 30, 2019, the Company has not experienced any credit losses on such deposits and derivative instruments.

Accounts receivable comprise amounts due from customers. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. The Company also maintains allowances for potential credit losses. In estimating the required allowances, the Company takes into consideration the overall quality and aging of its receivable portfolio and specifically identified customer risks. Through November 30, 2019, such losses have been within management's expectations.

In fiscal years 2019, 2018 and 2017, one customer accounted for 10%, 21% and 23%, respectively of the Company's combined revenue.

As of November 30, 2019 and 2018, one customer comprised 11% and 13%, respectively, of the total accounts receivable balance.

Revenue recognition

The Company adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers on December 1, 2018 on a full retrospective basis to ensure a consistent basis of presentation within the Company's combined financial statements for all periods reported.

The Company generates revenue primarily from the provision of business outsourcing services focused on customer experience solutions. The Company recognizes revenue from services contracts over time as the promised services are delivered to clients for an amount that reflects the consideration to which the Company is entitled in exchange for those services. The Company accounts for a contract with a customer when it has written approval, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection. Revenue is presented net of taxes collected

from customers and remitted to government authorities. The Company generally invoices a customer after performance of services or in accordance with specific contractual provisions. Service contracts may be based on a fixed price or on a fixed unit-price per transaction or other objective measure of output. The Company determines whether the services performed during the initial phases of an arrangement, such as setup activities, are distinct. In most cases, the arrangement is a single performance obligation comprised of a series of distinct services that are substantially the same and that have the same pattern of transfer (i.e., distinct days of service). The Company records deferred revenue attributable to certain process transition, setup activities where such activities do not represent separate performance obligations. Billings related to such transition activities are classified under contract liabilities and subsequently recognized ratably over the period in which the related services are performed. The Company applies a measure of progress (typically time-based) to any fixed consideration and allocates variable consideration to the distinct periods of service based on usage. As a result, revenue is generally recognized over the period the services are provided on a usage basis. This results in revenue recognition that corresponds with the benefit to the client of the services transferred to date relative to the remaining services promised. Revenue on fixed price contracts is recognized on a straight-line basis over the term of the contract as services are provided. Revenue on unit-price transactions is recognized using an objective measure of output including staffing hours or the number of transactions processed by service agents. Client contract terms can range from less than one year to more than five years. The Company generally invoices a customer after performance of services, or in accordance with specific contractual provisions. Payments are due as per contract terms and do not contain a significant financing component.

Certain customer contracts include incentive payments from the customer upon achieving certain agreed-upon service levels and performance metrics or service level agreements that could result in credits or refunds to the customer. Revenue relating to such arrangements is accounted for as variable consideration when the likely amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

Cost of Revenue

Recurring direct operating costs for services are recognized as incurred. Cost of services revenue consists primarily of personnel costs. Where a contract requires an up-front investment, which typically includes transition and set-up costs related to systems and processes, these amounts are deferred and amortized on a straight-line basis over the expected period of benefit, not to exceed the fixed term of the contract. The Company performs periodic reviews to assess the recoverability of deferred contract transition and setup costs. This review is done by comparing the estimated minimum remaining undiscounted cash flows of a contract to the unamortized contract costs. If such minimum undiscounted cash flows are not sufficient to recover the unamortized costs, an impairment loss is recognized for the difference between the estimated fair value and the carrying value. If a cash flow deficiency remains after reducing the carrying amount of the deferred costs, the Company evaluates any remaining long-lived assets related to that contract for impairment.

Selling, General and Administrative expenses

Selling, general and administrative expenses are charged to income as incurred. Expenses of promoting and selling products and services are classified as selling expense and include such items as compensation, sales commissions and travel. General and administrative expenses include such items as compensation, cost of delivery centers, legal and professional costs, office supplies, non-income taxes, insurance and utility expenses. In addition, selling, general and administrative expenses include other operating items such as allowances for credit losses, depreciation and amortization of non-technology related intangible assets.

Advertising

Costs related to advertising and product promotion expenditures are charged to "Selling, general and administrative expenses" as incurred. To date, net costs related to advertising and promotion expenditures have not been material.

Income taxes

The Company's operations have historically been included in the tax returns filed by the respective Parent entities of which the Company's businesses are a part. Income tax expense and other income tax related information contained in these combined financial statements are presented on a separate return basis as if the Company filed its own tax returns.

The asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements using enacted tax rates and laws that will be in effect when the difference is expected to reverse. Tax on global low-taxed intangible income is accounted for as a current expense in the period in which the income is includable in a tax return using the "period cost" method. Valuation allowances are provided against deferred tax assets that are not likely to be realized.

The Company recognizes tax benefits from uncertain tax positions only if that tax position is more likely than not to be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalties related to unrecognized tax benefits in the provisions for income taxes.

Foreign currency translations

The financial statements of the legal entities included in these combined financial statements, whose functional currencies are the local currencies, are translated into U.S. dollars for combination as follows: assets and liabilities at the exchange rate as of the balance sheet date, equity at the historical rates of exchange, and income and expense amounts at the average exchange rate for the month. Translation adjustments resulting from the translation of the legal entities' accounts are included in "Accumulated other comprehensive income (loss)." Transactions denominated in currencies other than the applicable functional currency are converted to the functional currency at the exchange rate on the transaction date. At period end, monetary assets and liabilities are remeasured to the functional currency using exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are remeasured at historical exchange rates. Gains and losses resulting from foreign currency transactions are included within "Other income (expense), net."

Comprehensive income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The primary components of comprehensive income for the Company include net income, foreign currency translation adjustments arising from the combination of foreign legal entities engaged in the CX business, unrealized gains and losses on the Company's available-for-sale debt securities, unrealized gains and losses on cash flow hedges and the changes in unrecognized pension and post-retirement benefits.

Share-based compensation

The Company's employees have historically participated in Parent's share-based compensation plans. Share-based compensation expense has been allocated to the Company based on the specific awards and terms previously granted to the Company's employees. Share-based compensation cost for stock options, restricted stock awards and units, performance restricted stock units and employee stock purchase plans is determined based on the fair value at the measurement date. The Company recognizes share-based compensation cost as expense for awards other than its performance-based restricted stock units ratably on a straight-line basis over the requisite service period. The Company recognizes share-based compensation cost associated with its

performance-based restricted stock units over the requisite service period if it is probable that the performance conditions will be satisfied. Effective fiscal year 2018, the Company accounts for expense reductions that result from the forfeiture of invested awards in the period that the forfeitures occur. Prior to fiscal year 2018, the Company estimated forfeitures and only recorded compensation costs for those awards that were expected to vest.

Pension and post-retirement benefits

The funded status of the Company's pension and other postretirement benefit plans is recognized in the combined balance sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at November 30, the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation ("PBO") and, for the other postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation ("APBO"). The PBO represents the actuarial present value of benefits expected to be paid upon retirement. For active plans, the present value reflects estimated future compensation levels. The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. The fair value of plan assets represents the current market value of assets held by an irrevocable trust fund for the sole benefit of participants. The measurement of the benefit obligation is based on the Company's estimates and actuarial valuations. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain key assumptions that require significant judgment, including, but not limited to, estimates of discount rates, expected return on plan assets, inflation, rate of compensation increases, interest crediting rates and mortality rates. The assumptions used are reviewed on an annual basis.

Accounting pronouncements adopted during the three year period ended November 30, 2019

In May 2014, the Financial Accounting Standards Board (the "FASB") issued a comprehensive new revenue recognition standard for contracts with customers with amendments in 2015 and 2016, codified as Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. The Company adopted the guidance effective December 1, 2018 on a full retrospective basis to ensure a consistent basis of presentation within the Company's combined financial statements for all periods reported. In addition, the Company elected the one year practical expedient for contract costs.

The impact of adoption was not material and relates primarily to the capitalization of certain sales commissions that are assessed to be incremental for obtaining new contracts. Such costs are amortized over the period of expected benefit rather than being expensed as incurred as was the Company's prior practice.

In January 2016, the FASB issued new guidance which amends various aspects of the recognition, measurement, presentation, and disclosure of financial instruments. With respect to the Company's combined financial statements, the most significant impact relates to the accounting for equity investments (other than those that are consolidated or accounted under the equity method) which are measured at fair value through earnings. The Company has elected to use the measurement alternative for non-marketable equity securities, defined as cost adjusted for changes from observable transactions for identical or similar investments of the same issuer, less impairment. The Company adopted the guidance as of December 1, 2018, with amendments related specifically to equity securities without readily determinable fair values applied prospectively. The adoption did not have a material impact on the Company's combined financial statements.

In August 2018, the FASB issued guidance clarifying the accounting for capitalizing implementation costs incurred by a customer in a cloud computing arrangement that is a service contract. Under the new guidance, implementation costs related to a cloud computing arrangement will be deferred or expensed as incurred, in accordance with the existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The amendments also require the customer to expense the capitalized implementation costs of a hosting arrangement that is a

service contract over the term of the hosting arrangement, which includes reasonably certain renewals. The guidance is effective for interim and annual reporting periods beginning after December 15, 2019 and early adoption is permitted. The Company adopted this guidance prospectively in the third quarter of fiscal year 2018. The adoption did not have a material impact on the Company's combined financial statements.

In March 2016, the FASB issued guidance which changes the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification in the combined statement of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2016 and early adoption is permitted. The Company adopted this guidance prospectively, during the first quarter of fiscal year 2018. The adoption did not have a material impact on the Company's combined financial statements.

In August 2017, the FASB issued a new accounting standard that amends and simplifies existing guidance related to hedge accounting in order to allow companies to more accurately present the economic effects of risk management activities in their financial statements. It is effective for annual reporting periods beginning after December 15, 2018 and interim periods within those annual periods with early adoption permitted. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first effective reporting period. The Company adopted this guidance in the fourth quarter of fiscal year 2017. The adoption did not have a material impact on the Company's combined financial statements.

In May 2017, the FASB issued guidance to clarify when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. The guidance is effective prospectively for all companies for annual periods and interim periods within those annual periods, beginning on or after December 15, 2017. The Company adopted the guidance prospectively in the second quarter of fiscal year 2017. The adoption had no impact on the Company's combined financial statements.

In January 2017, the FASB issued guidance to simplify the accounting for goodwill impairment. It removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Goodwill impairment will now be calculated as the amount by which a reporting unit's carrying value exceeds its fair value, not exceeding the carrying amount of goodwill. In addition, income tax effects from any tax deductible goodwill shall also be considered in measuring goodwill impairment loss, if applicable. The guidance is effective for annual and interim periods beginning after December 15, 2019 and should be adopted prospectively. Early adoption is permitted for interim or annual goodwill impairment test performed with a measurement date after January 1, 2017. The Company adopted the guidance prospectively in the first quarter of fiscal year 2017. The adoption had no impact on the Company's combined financial statements.

In November 2016, the FASB issued new guidance which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company adopted this new guidance in the first quarter of fiscal year 2017, with retrospective effect. The adoption did not have a material impact on the Company's cash flow statement for the year ended November 30, 2017.

In October 2016, the FASB issued new guidance that requires a reporting entity to recognize the tax expense from intra-entity transfers of assets other than inventory in the selling entity's tax jurisdiction when the transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. Any deferred tax asset that arises in the buying entity's jurisdiction would also be recognized at the time of the transfer. The Company adopted this new guidance in the first quarter of fiscal year 2017 using the modified retrospective approach. The adoption did not have a material impact on the Company's combined financial statements.

In August 2016, the FASB issued an amendment to the statement of cash flows. It addresses eight specific cash flow issues to clarify the presentation and classification of cash receipts and cash payments in the statement of cash flows where diversity in practice exists. The Company adopted this new standard in the first quarter of fiscal year 2017, with retrospective effect. The adoption did not have a material impact on the Company's cash flows from operating, investing or financing activities.

In November 2015, the FASB issued a new accounting standard that requires deferred tax liabilities and assets be classified as noncurrent on a company's balance sheet. The Company adopted this new standard in the first quarter of fiscal year 2017, with retrospective effect. The adoption did not materially impact the Company's combined financial position or results of operations.

In September 2015, the FASB issued a new accounting standard that eliminates the requirement to restate prior period financial statements for measurement period adjustments related to provisional amounts recognized in a business combination. The new guidance requires that the cumulative impact of a measurement period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. Consistent with existing guidance, the new guidance requires an acquirer to disclose the nature and amount of measurement period adjustments. In addition, companies are required to present separately on the face of the income statement or disclose in the notes the portion of the adjustment recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The Company adopted this new standard prospectively in the first quarter of fiscal year 2017. The adoption did not have a material impact on the Company's combined financial statements.

In April 2015, the FASB issued new guidance to customers about whether a cloud computing arrangement includes a software license. If the cloud computing arrangement includes a software license, the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If the cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The Company adopted this new standard prospectively in the first quarter of fiscal year 2017. The adoption had no impact on the Company's combined financial statements.

Recently issued accounting pronouncements

In December 2019, the FASB issued new guidance that simplifies the accounting for income taxes. The guidance is effective for annual reporting periods beginning after December 15, 2020, and interim periods within those reporting periods. Certain amendments should be applied prospectively, while other amendments should be applied retrospectively to all periods presented. The Company is currently evaluating the impact of the new guidance.

In August 2018, the FASB issued new guidance to add, remove, and clarify disclosure requirements related to defined benefit pension and other postretirement plans. The amendment requires the Company to disclose the weighted-average interest crediting rates used in cash balance pension plans. It also requires the Company to disclose the reasons for significant changes in the benefit obligation or plan assets including significant gains and losses affecting the benefit obligation for the period. This standard is effective for fiscal years ending after December 15, 2020 and early adoption is permitted. The adoption is not expected to have a material impact on the Company's combined financial statements.

In August 2018, the FASB issued guidance to improve the effectiveness of fair value measurement disclosures by removing or modifying certain disclosure requirements and adding other requirements. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. Certain amendments should be applied prospectively, while all other amendments should be applied retrospectively to all periods presented. The Company is currently evaluating the impact of the new guidance.

In February 2018, the FASB issued guidance that permits the Company to reclassify disproportionate tax effects in accumulated other comprehensive income caused by the Tax Cuts and Jobs Act of 2017 to retained earnings. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The adoption of this new guidance is not expected to have a material impact on the Company's combined financial statements.

In June 2016, the FASB issued a new credit loss standard that replaces the incurred loss impairment methodology in current GAAP. The new impairment model requires immediate recognition of estimated credit losses expected to occur for most financial assets and certain other instruments. It is effective for annual reporting periods beginning after December 15, 2019 and interim periods within those annual periods. Early adoption for fiscal years beginning after December 15, 2018 is permitted. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first effective reporting period. The Company is currently evaluating the impact of the new guidance.

In February 2016, the FASB issued a new standard which revises various aspects of accounting for leases. The most significant impact to the Company's combined financial statements relates to the recognition by a lessee of a right-of-use asset and a lease liability for virtually all of its leases other than short-term leases. The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. Consistent with current guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification. For income statement purposes, operating leases will result in a straight-line expense while finance leases will result in a front-loaded expense pattern. This accounting standard, applicable to the Company at the beginning of its first quarter of fiscal year 2020, will be adopted using a modified retrospective approach. The Company is currently evaluating the impact of adoption of this standard and expects that most of its operating lease commitments will be subject to the new standard and be recognized as operating lease liabilities and right-of-use assets upon adoption. The adoption will materially increase total assets and total liabilities relative to such amounts prior to adoption.

NOTE 3—ACQUISITIONS:

Fiscal 2018 acquisition

On October 5, 2018, SYNEX acquired 100% of Convergys Corporation ("Convergys"), an Ohio Corporation, a customer experience outsourcing company, for a purchase price of \$2,269,527, pursuant to a merger agreement dated June 28, 2018. The acquisition was related to the Concentrix business and added scale, diversified the revenue base, expanded the Company's service delivery footprint and strengthened the Company's leadership position as a top global provider of CX services.

The acquisition has been accounted for as a business combination. The purchase price was comprised of cash, Parent stock and Convergys stock awards assumed with an estimated fair value of \$70,221 on the closing date. Of the equity awards assumed, \$43,779 relating to the pre-combination service period was allocated to the purchase consideration, and the remainder of the estimated fair value and payments in excess of fair value are being expensed over the remaining service periods on a straight-line basis.

The purchase price for the acquisition was allocated to the net tangible and intangible assets based on their fair values at the acquisition date. The excess of the purchase price over the net tangible assets and intangible assets was recorded as goodwill and is attributed to the assembled workforce and the expected revenue and cost synergies due to the diversified revenue base and comprehensive service portfolio delivery capabilities resulting from the acquisition. Goodwill was not deductible for tax purposes. During fiscal year 2019, the Company recorded measurement period adjustments of \$32,698 to goodwill. These adjustments comprised of an increase

of \$49,771 in tax liabilities and an increase of \$17,073 to the fair value of other acquired net tangible assets, resulting in a final purchase price allocation as follows:

	<u>Fair value</u>
Purchase price allocation:	
Cash, cash equivalents and restricted cash	\$ 169,988
Short-term investments	13,038
Accounts receivable, net (Gross accounts receivable: \$558,888)	554,777
Other current assets	87,115
Property and equipment	232,528
Goodwill	1,394,127
Intangible assets	927,000
Deferred tax assets	31,547
Other assets	33,645
Borrowings, current	(321,865)
Accounts payable	(59,720)
Accrued compensation and benefits	(216,626)
Other accrued liabilities	(252,101)
Income taxes payable	(32,570)
Other long-term liabilities	(137,789)
Deferred tax liabilities	(153,567)
Purchase consideration	<u>\$ 2,269,527</u>

The identifiable intangible assets acquired, and their estimated useful lives are summarized as follows:

	<u>Fair value</u>	<u>Weighted average useful life</u>
Customer relationships	\$ 925,000	15 years
Technology	2,000	5 years
Total intangibles acquired	<u>\$ 927,000</u>	

Amortization of customer relationships is recorded in "Selling, general and administrative expenses" and amortization of technology is recorded in "Cost of revenue."

The Company's combined statement of operations for the year ended November 30, 2018 includes approximately \$439,400 of revenue from Convergys from the acquisition date. Earnings contributed by the acquired business are not separately identifiable due to the integration activities of the Company.

The following unaudited pro forma financial information combines the unaudited combined results of operations as if the acquisition of Convergys had occurred at the beginning of the periods presented. Pro forma adjustments include only the effects of events directly attributable to transactions that are factually supportable. The pro forma results contained in the table below include pro forma adjustments for amortization of acquired intangibles, interest expense incurred on borrowings to fund the acquisition, useful lives of property and equipment, removal of certain non-recurring transaction costs primarily comprising legal and banking fees of \$74,298 in fiscal year 2018 and the related tax effects of the pro forma adjustments.

The unaudited pro forma financial information, as presented below, is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition and any borrowings undertaken to finance the acquisition had taken place at the beginning of fiscal periods presented.

	Years Ended November 30,	
	2018	2017
Revenue	\$ 4,695,634	\$ 4,814,976
Net income	65,177	95,917

Acquisition-related and integration expenses related to the Convergys acquisition were \$70,473 and \$37,490 during the years ended November 30, 2019 and 2018. These costs included \$17,670 of acquisition costs in fiscal year 2018. Substantially all of the acquisition-related and integration expenses were recorded in “Selling, general and administrative expenses” and comprised of bridge financing commitment fees, legal and professional services, severance and lease termination payments, accelerated depreciation and other costs incurred to complete the acquisition and retention payments to integrate this business. The following table presents the activity related to liability for restructuring charges related to the Convergys acquisition through November 30, 2019:

<u>Restructuring costs</u>	<u>Severance and benefits</u>	<u>Facility and exit costs</u>	<u>Total</u>
Accrued balance as of October 5, 2018	\$ 10,334	\$ 6,481	\$ 16,815
Additional accrual during fiscal year 2018	1,074	3,541	4,615
Cash payments	(270)	(3,416)	(3,686)
Accrued balance as of November 30, 2018	\$ 11,138	\$ 6,606	\$ 17,744
Additional accrual during fiscal year 2019	6,678	12,334	19,012
Cash payments	(14,988)	(4,776)	(19,764)
Accrued balance as of November 30, 2019	<u>\$ 2,828</u>	<u>\$ 14,164</u>	<u>\$ 16,992</u>

Fiscal 2017 acquisition

On July 31, 2017, the Company acquired 100% of Tigerspike Pty Ltd (“Tigerspike”), a digital products company incorporated in Australia, specializing in strategy, experience design, development and systems integration, for a purchase price of \$67,014. The acquisition enhanced Concentrix’ digital and mobility competencies by providing improved business intelligence and performance for clients through enabling technologies that are designed to create effortless, personalized end-user engagements. Based on the purchase price allocation, the Company recorded net tangible liabilities of \$3,481, goodwill of \$45,195 and intangible assets of \$25,300, primarily comprising customer relationships. Goodwill was not deductible for tax purposes. The operating results of Tigerspike were included from the date of acquisition and were not material to the combined financial statements.

NOTE 4—SHARE-BASED COMPENSATION:

Certain of Company’s employees participate in a long-term incentive plan sponsored by SYNEX. The Company recognizes share-based compensation expense for all share-based awards made to employees, including employee stock options, restricted stock awards, restricted stock units, performance-based restricted stock units and employee stock purchases, based on estimated fair values.

Under the SYNEX stock incentive plan, qualified employees are eligible for the grant of incentive stock options to purchase shares of common stock. Qualified employees and consultants are eligible for the grant of non-qualified stock options, stock appreciation rights, restricted stock grants and restricted stock units. The outstanding stock options and restricted stock awards generally vest over a five-year period and the stock options

have a contractual term of ten years. Certain restricted stock awards and units granted to employees of the CX business vest over a four-year period with 67% of the award scheduled to vest on the third anniversary and remaining 33% scheduled to vest on the fourth anniversary. The holders of restricted stock awards are entitled to the same voting, dividend and other rights as the SYNEX common stockholders. Certain restricted stock units could vest subject to the achievement of individual, Concentrix or SYNEX performance goals. The majority of the performance-based restricted stock units vest at the end of three-year requisite service periods, subject to the achievement of certain SYNEX financial performance goals approved by the SYNEX Compensation Committee.

Under the SYNEX employee stock purchase plan, there are four offering periods of three months each in a calendar year. Eligible employees in the United States can choose to have a fixed percentage deducted from their bi-weekly compensation to purchase SYNEX' common stock at a discount of 5%. The maximum number of shares a participant may purchase is 0.625 during a single accumulation period subject to a maximum purchase limit of \$10 in a calendar year. Employees at associate vice president level and above are not eligible to participate in the plan.

The Company recorded share-based compensation expense in the combined statements of operations for fiscal years 2019, 2018 and 2017 as follows:

	Fiscal Years Ended		
	November 30,		
	2019	2018	2017
Total share-based compensation	\$10,554	\$ 7,740	\$ 5,244
Tax benefit recorded in the provision for income taxes	(2,417)	(2,005)	(1,472)
Effect on net income	<u>\$ 8,137</u>	<u>\$ 5,735</u>	<u>\$ 3,772</u>

Substantially all of the share-based compensation expense was recorded in "Selling, general and administrative expenses" in the combined statements of operations.

Valuation Assumptions

The Company estimates the fair value of share-based payment awards on the measurement date and recognizes as expense over the requisite service period in the Company's combined financial statements.

The Company uses the Black-Scholes valuation model to estimate fair value of stock options. The Black-Scholes option-pricing model was developed for use in estimating the fair value of short-lived exchange traded options that have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of subjective assumptions, including the option's expected life and the price volatility of the underlying stock. The expected stock price volatility assumption was determined using historical volatility of the Parent's common stock.

The fair value of stock awards is determined based on the SYNEX stock price at the date of grant. For grants that do not accrue dividends or dividend equivalents, the fair value is the SYNEX stock price reduced by the present value of estimated dividends to be paid by SYNEX over the vesting period. For performance-based restricted stock units, the grant-date fair value assumes that the targeted performance goals will be achieved. Over the performance period, the number of awards will be adjusted higher or lower based on the probability of achievement of performance goals.

Through fiscal year 2017, the Company estimated forfeitures and only recorded compensation costs for those awards that were expected to vest. The assumptions for forfeitures were determined based on the type of award and historical experience. Forfeiture assumptions were adjusted at the point in time a significant change

was identified, with any adjustment recorded in the period of change, and the final adjustment at the end of the requisite service period to equal actual forfeitures. From fiscal year 2018, the Company accounts for expense reductions that result from the forfeiture of unvested awards in the period that the forfeitures occur.

The following assumptions were used in the Black-Scholes valuation model in fiscal years 2019, 2018 and 2017:

	<u>Fiscal Years Ended November 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Stock option plan:			
Expected life (years)	6.1	6.0	5.9
Risk free interest rate	1.59%	3.09%	2.11%
Expected volatility of SYNEX stock	33.69%	30.85%	29.41%
SYNEX dividend yield	1.36%	1.84%	0.93%

A summary of the activities under the Parent's stock incentive plan is set forth below:

Employee Stock Options

The weighted-average grant-date fair values of the stock options granted during fiscal years 2019, 2018 and 2017 were \$33.27, \$21.83, and \$36.92, respectively. As of November 30, 2019, 122 options were outstanding with a weighted-average life of 8.15 years, a weighted-average exercise price of \$92.68 per option and an aggregate pre-tax intrinsic value of \$3,740. As of November 30, 2019, 43 options were vested and exercisable with a weighted-average life of 6.65 years, a weighted-average exercise price of \$86.66 per share and an aggregate pre-tax intrinsic value of \$1,580.

	<u>Options Outstanding</u>	
	<u>Number of SYNEX shares</u>	<u>Weighted-average exercise price per SYNEX share</u>
Balance as of November 30, 2016	35	\$ 87.74
Options granted	11	128.67
Balance as of November 30, 2017	46	97.66
Options granted	46	76.01
Balance as of November 30, 2018	92	86.87
Options granted	30	110.44
Balance as of November 30, 2019	<u>122</u>	<u>\$ 92.68</u>

SYNEX settles employee stock option exercises with newly issued SYNEX shares. No options were exercised during fiscal years 2019, 2018 or 2017.

As of November 30, 2019, the unamortized share-based compensation expense related to unvested stock options under the SYNEX stock incentive plan was \$2,167 which will be recognized over an estimated weighted-average amortization period of 3.99 years.

Restricted Stock Awards and Restricted Stock Units

A summary of the changes in the Company's non-vested restricted stock awards and stock units during fiscal years 2017, 2018 and 2019 is presented below:

	Number of SYNNEX shares	Weighted-average, grant-date fair value per SYNNEX share
Non-vested as of November 30, 2016	171	\$ 99.28
Awards granted	66	125.24
Units granted(1)	56	124.36
Awards and units vested	(39)	85.98
Awards and units cancelled/forfeited(2)	(15)	96.81
Non-vested as of November 30, 2017	239	109.51
Awards granted	109	80.42
Units granted(1)	48	78.50
Awards and units vested	(55)	98.53
Awards and units cancelled/forfeited(2)	(18)	108.25
Non-vested as of November 30, 2018	324	97.53
Awards granted	205	110.39
Units granted(1)	181	97.33
Awards and units vested	(61)	94.36
Awards and units cancelled/forfeited(2)/employees transferred to Parent	(57)	96.78
Non-vested as of November 30, 2019	591	\$ 102.12

- (1) For performance-based restricted stock units, the maximum number of shares that can be awarded upon full vesting of the grants is included.
(2) For performance-based restricted stock units, the difference between maximum awards and the actual number of shares issued upon full vesting is included.

As of November 30, 2019, there was \$52,719 of total unamortized share-based compensation expense related to non-vested restricted stock awards and stock units granted under the SYNNEX stock incentive plan. That cost is expected to be recognized over an estimated weighted-average amortization period of 3.83 years.

Share-based compensation expense related to the SYNNEX employee stock purchase plan was immaterial during fiscal years 2019, 2018 and 2017.

NOTE 5—BALANCE SHEET COMPONENTS:

Cash, cash equivalents and restricted cash:

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the combined balance sheets that sum to the total of the same amounts shown in the combined statements of cash flows:

	As of November 30,	
	2019	2018
Cash and cash equivalents	\$ 79,656	\$ 123,389
Restricted cash included in other current assets	3,858	4,495
Cash, cash equivalents and restricted cash	\$ 83,514	\$ 127,884

Restricted cash balances relate primarily to restrictions placed by banks as collateral for the issuance of bank guarantees and the terms of a government grant.

	<u>As of November 30,</u>	
	<u>2019</u>	<u>2018</u>
Accounts receivable, net:		
Billed accounts receivable	\$536,450	\$545,910
Unbilled accounts receivable	400,687	398,703
Less: Allowance for doubtful accounts	(6,055)	(1,000)
Accounts receivable, net	<u>\$931,082</u>	<u>\$943,613</u>

Allowance for doubtful trade receivables:		
Balance at November 30, 2016		\$ 1,424
Additions		1,262
Write-offs and reclassifications		<u>(86)</u>
Balance at November 30, 2017		2,600
Additions		201
Write-offs and reclassifications		<u>(1,802)</u>
Balance at November 30, 2018		1,000
Additions		5,134
Write-offs and reclassifications		<u>(79)</u>
Balance at November 30, 2019		<u>\$ 6,055</u>

	<u>As of November 30,</u>	
	<u>2019</u>	<u>2018</u>
Property and equipment, net:		
Land	\$ 28,873	\$ 12,486
Equipment, computers and software	379,091	306,818
Furniture and fixtures	83,247	76,257
Buildings, building improvements and leasehold improvements	280,379	237,020
Construction-in-progress	9,943	18,049
Total property and equipment, gross	<u>\$ 781,533</u>	<u>\$ 650,631</u>
Less: Accumulated depreciation	<u>(370,068)</u>	<u>(231,028)</u>
Property and equipment, net	<u>\$ 411,465</u>	<u>\$ 419,603</u>

Shown below are countries where 10% or more of the Company's property and equipment, net are located:

	As of November 30,	
	2019	2018
Property and equipment, net:		
United States	\$ 162,955	\$ 173,124
Philippines	63,421	75,770
India	39,000	43,813
Others	146,089	126,896
Total	<u>\$ 411,465</u>	<u>\$ 419,603</u>

	Fiscal Year Ended November 30,	
	2019	2018
Goodwill:		
Balance, beginning of year	\$ 1,775,541	\$ 435,417
Additions/adjustments from Convergys acquisition (See note 3)	32,698	1,361,429
Additions/adjustments from Tigerspike acquisition (See note 3)	—	(634)
Foreign exchange translation	21,089	(20,671)
Balance, end of year	<u>\$ 1,829,328</u>	<u>\$ 1,775,541</u>

	As of November 30, 2019			As of November 30, 2018		
	Gross amounts	Accumulated amortization	Net amounts	Gross amounts	Accumulated amortization	Net amounts
Intangible assets, net:						
Customer relationships	\$ 1,368,966	\$ (441,866)	\$ 927,100	\$ 1,374,035	\$ (279,096)	\$ 1,094,939
Technology	14,720	(8,998)	5,722	14,767	(7,064)	7,703
Trade names	6,662	(5,361)	1,301	6,801	(4,946)	1,855
	<u>\$ 1,390,348</u>	<u>\$ (456,225)</u>	<u>\$ 934,123</u>	<u>\$ 1,395,603</u>	<u>\$ (291,106)</u>	<u>\$ 1,104,497</u>

Estimated future amortization expense of the Company's intangible assets is as follows:

Fiscal years ending November 30,	
2020	\$ 147,705
2021	135,589
2022	115,419
2023	100,837
2024	83,547
Thereafter	351,026
Total	<u>\$ 934,123</u>

Accumulated other comprehensive income (loss):

The components of accumulated other comprehensive income (loss) (“AOCI”), net of taxes, were as follows:

	Unrecognized gains (losses) on defined benefit plan, net of taxes	Unrealized gains (losses) on cash flow hedges, net of taxes	Foreign currency translation adjustment and other, net of taxes	Total
Balance, November 30, 2017	\$ (2,549)	\$ —	\$ (21,656)	\$ (24,205)
Other comprehensive income (loss) before reclassification	(893)	20,377	(33,543)	(14,059)
Reclassification of (gains) losses from other comprehensive income (loss)	—	(935)	—	(935)
Balance, November 30, 2018	\$ (3,442)	\$ 19,442	\$ (55,199)	\$ (39,199)
Other comprehensive income (loss) before reclassification	(28,289)	15,574	17,534	4,819
Reclassification of (gains) losses from other comprehensive income (loss)	1,791	(17,493)	—	(15,702)
Balance, November 30, 2019	\$ (29,940)	\$ 17,523	\$ (37,665)	\$ (50,082)

Refer to note 6 for the location of gains and losses from cash flow hedges reclassified from other comprehensive income (loss) to the combined statements of operations. Reclassifications of amortization of actuarial (gains) losses of defined benefit plans is recorded in “Other income (expense), net” in the combined statement of operations.

Foreign currency translation adjustment and other, net of taxes, is comprised of foreign currency translation adjustment and unrealized gains and losses on available-for-sale debt securities. Substantially, all of the balance at November 30, 2017, 2018 and 2019 represents foreign currency translation adjustment.

NOTE 6—DERIVATIVE INSTRUMENTS:

In the ordinary course of business, the Company is exposed to foreign currency risk and credit risk. The Company enters into transactions, and owns monetary assets and liabilities, that are denominated in currencies other than the legal entity’s functional currency. The Company may enter into forward contracts, option contracts, or other derivative instruments to offset a portion of the risk on expected future cash flows, earnings, net investments in certain non-U.S. legal entities and certain existing assets and liabilities. However, the Company may choose not to hedge certain exposures for a variety of reasons including, but not limited to, accounting considerations and the prohibitive economic cost of hedging particular exposures. There can be no assurance the hedges will offset more than a portion of the financial impact resulting from movements in foreign currency exchange or interest rates. Generally, the Company does not use derivative instruments to cover equity risk and credit risk. The Company’s hedging program is not used for trading or speculative purposes.

All derivatives are recognized on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded in the combined statements of operations, or as a component of AOCI in the combined balance sheets, as discussed below.

Cash Flow Hedges

To protect gross margins from fluctuations in foreign currency exchange rates, certain of the Company’s legal entities with functional currencies that are not in U.S. dollars may hedge a portion of forecasted revenue or costs not denominated in the entities’ functional currencies. These instruments mature at various dates through November 2021. Gains and losses on cash flow hedges are recorded in AOCI until the hedged item is recognized in earnings. Deferred gains and losses associated with cash flow hedges of foreign currency revenue are

recognized as a component of “Revenue” in the same period as the related revenue is recognized, and deferred gains and losses related to cash flow hedges of costs are recognized as a component of “Cost of revenue” and/or “Selling, general and administrative expenses” in the same period as the related costs are recognized. Derivative instruments designated as cash flow hedges must be de-designated as hedges when it is probable the forecasted hedged transaction will not occur in the initially identified time period or within a subsequent two-month time period. Deferred gains and losses in AOCI associated with such derivative instruments are reclassified into earnings in the period of de-designation. Any subsequent changes in fair value of such derivative instruments are recorded in earnings unless they are re-designated as hedges of other transactions.

Non-Designated Derivatives

The Company uses short-term forward contracts to offset the foreign exchange risk of assets and liabilities denominated in currencies other than the functional currency of the respective entities. These contracts, which are not designated as hedging instruments, mature or settle within twelve months. Derivatives that are not designated as hedging instruments are adjusted to fair value through earnings in the financial statement line item to which the derivative relates.

See note 8—Borrowings, for the accounting for the embedded derivative in the 5.75% Junior Subordinated Convertible Debentures assumed by the CX business, as part of the Convergys acquisition.

Fair Values of Derivative Instruments in the Combined Balance Sheets

The fair values of the Company’s derivative instruments are disclosed in note 7—Fair Value Measurements and summarized in the table below:

<u>Balance Sheet Line Item</u>	<u>Value as of</u>	
	<u>November 30, 2019</u>	<u>November 30, 2018</u>
Derivative instruments not designated as hedging instruments:		
Foreign exchange forward contracts (notional value)	\$ 907,621	\$ 214,657
Other current assets	8,667	10,417
Other accrued liabilities	2,105	969
Derivative instruments designated as cash flow hedges:		
Foreign exchange forward contracts (notional value)	\$ 563,654	\$ 624,014
Other current assets and other assets	14,523	3,834
Other accrued liabilities and other long-term liabilities	1,633	12,306

Volume of activity

The notional amounts of foreign exchange forward contracts represent the gross amounts of foreign currency, including, principally, the Philippine Peso, the Indian Rupee, the Euro, the British Pound, the Canadian Dollar, the Brazilian Real, the Japanese Yen and the Australian Dollar that will be bought or sold at maturity. The notional amounts for outstanding derivative instruments provide one measure of the transaction volume outstanding and do not represent the amount of the Company’s exposure to credit or market loss. The Company’s exposure to credit loss and market risk will vary over time as currency rates change.

The Effect of Derivative Instruments on AOCI and the Combined Statements of Operations

The following table shows the gains and losses, before taxes, of the Company's derivative instruments designated as cash flow hedges and not designated as hedging instruments in other comprehensive income ("OCI"), and the combined statements of operations for the periods presented:

	Location of gain (loss) in income	For the fiscal years ended November 30.			
		2019	2018	2017	
Revenue		\$ 4,707,912	\$ 2,463,151	\$ 1,990,180	
Cost of revenue		2,959,464	1,525,599	1,241,026	
Selling, general and administrative expenses		(1,454,116)	(792,791)	(634,531)	
Other income (expense), net		2,280	4,386	(2,326)	
Derivative instruments designated as cash flow hedges:					
Gains (losses) recognized in OCI:					
	Foreign exchange forward contracts	\$ 20,772	\$ 27,212	\$ —	
Gains (losses) reclassified from AOCI into income:					
	Foreign exchange forward contracts				
	Loss (gain) reclassified from AOCI into income	Revenue for services	\$ 127	\$ (237)	\$ —
	Gain (loss) reclassified from AOCI into income	Cost of revenue for services	16,454	1,036	—
	Gain (loss) reclassified from AOCI into income	Selling, general and administrative expenses	6,767	449	—
	Gain (loss) reclassified from AOCI into income	Other income (expense), net	36	—	—
Total			\$ 23,384	\$ 1,248	\$ —
Derivative instruments not designated as hedging instruments:					
	Gain (loss) recognized from foreign exchange forward contracts, net ⁽¹⁾	Cost of revenue for services and Selling, general and administrative expenses	\$ —	\$ 3,378	\$ —
	Gains (losses) recognized from foreign exchange forward contracts, net ⁽¹⁾	Other income (expense), net	20,833	6,415	313
Total			\$ 20,833	\$ 9,793	\$ 313

(1) The gains and losses largely offset the currency gains and losses that resulted from changes in the assets and liabilities denominated in nonfunctional currencies.

There were no material gain or loss amounts excluded from the assessment of effectiveness. Existing net gains in AOCI that are expected to be reclassified into earnings in the normal course of business within the next twelve months are \$18,611.

Offsetting of Derivatives

In the combined balance sheets, the Company does not offset derivative assets against liabilities in master netting arrangements. If derivative exposures covered by a qualifying master netting agreement had been netted

in the combined balance sheets, the total derivative asset and liability positions would have been reduced by \$3,731 each as of November 30, 2019 and \$4,139 each as of November 30, 2018.

Credit exposure for derivative financial instruments is limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the Company's obligations to the counterparties. The Company manages the potential risk of credit losses through careful evaluation of counterparty credit standing and selection of counterparties from a limited group of financial institutions.

NOTE 7—FAIR VALUE MEASUREMENTS:

The Company's fair value measurements are classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following table summarizes the valuation of the Company's investments and financial instruments that are measured at fair value on a recurring basis:

	As of November 30, 2019				As of November 30, 2018			
	Total	Fair value measurement category			Total	Fair value measurement category		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets:								
Cash equivalents	\$26,041	\$ 26,041	\$ —	\$ —	\$56,415	\$ 56,415	\$ —	\$ —
Foreign government bond	1,228	1,228	—	—	1,073	1,073	—	—
Forward foreign currency exchange contracts	23,190	—	23,190	—	14,251	—	14,251	—
Liabilities:								
Forward foreign currency exchange contracts	\$ 3,738	\$ —	\$ 3,738	\$ —	\$13,275	\$ —	\$ 13,275	\$ —
Convertible debentures conversion option	—	—	—	—	77,238	—	—	77,238

The Company's cash equivalents consist primarily of highly liquid investments in money market funds and term deposits with maturity periods of three months or less. The carrying values of cash equivalents approximate fair value since they are near their maturity. Investment in foreign government bond classified as available-for-sale debt security is recorded at fair value based on quoted market prices. The fair values of forward exchange contracts are measured based on the foreign currency spot and forward rates quoted by the banks or foreign currency dealers. Fair values of long-term foreign currency exchange contracts are measured using valuations based upon quoted prices for similar assets and liabilities in active markets and are valued by reference to similar financial instruments, adjusted for terms specific to the contracts. The effect of nonperformance risk on the fair value of derivative instruments was not material as of November 30, 2019 and 2018.

In connection with the Convergys acquisition, the CX business, assumed Convergys' 5.75% Junior Subordinated Convertible Debentures due September 2029 ("Convertible Debentures") and recorded the

principal amount and conversion spread at fair value. See note 8—Borrowings. The fair value of the Convertible Debentures conversion option was based on a probabilistic analysis using the Monte Carlo simulation approach. The model considered simulated movements in the SYNEX stock price until the conversion date using estimated stock volatility of 35%, a risk free rate of 2.7%, discount and dividend yields of 4.6% and \$0.35 per share each quarter, respectively, over the period until September 2019, when SYNEX would become entitled to redeem the debentures. From the acquisition date until November 30, 2018, the fair value of the conversion spread decreased by \$4,085. During fiscal year 2019, the CX business settled all the outstanding convertible debentures and recorded a loss of \$1,559 upon settlement in other income (expense), net.

The carrying values of term deposits with maturities less than one year, accounts receivable and accounts payable approximate fair value due to their short maturities and interest rates which are variable in nature. Long-term non-marketable equity securities consist primarily of investments in equity securities of private entities. The fair value of non-marketable equity investments is based on an internal valuation of the investees based on the best available information at the measurement date. It is not practicable to determine the fair value of the Company's loans payable to and receivable from the Parent as these cash transfers are part of the centralized treasury program of SYNEX as described in note 1.

During fiscal years 2019, 2018 and 2017, there were no transfers between the fair value measurement category levels.

NOTE 8—BORROWINGS:

SYNEX United States credit agreement

In the United States, SYNEX has a senior secured credit agreement (as amended, the "U.S. Credit Agreement") with a group of financial institutions. The U.S. Credit Agreement includes a \$600,000 commitment for a revolving credit facility and a term loan in the original principal amount of \$1,200,000. SYNEX may request incremental commitments to increase the principal amount of the revolving line of credit or term loan by \$500,000, plus an additional amount which is dependent upon SYNEX' pro forma first lien leverage ratio, as calculated under the U.S. Credit Agreement.

Certain of SYNEX' subsidiaries in the United States, including Concentrix entities in the United States, jointly and severally guarantee SYNEX' term loan under SYNEX' U.S. Credit Agreement. SYNEX' obligations under the U.S. Credit Agreement are secured by substantially all of SYNEX and certain of its domestic subsidiaries' including Concentrix United States entities', assets on a pari passu basis with the interests of the lenders under the U.S. Term Loan Credit Agreement pursuant to an intercreditor agreement.

The U.S. Credit Agreement matures in September 2022. The outstanding principal amount of the term loan is repayable in quarterly installments of \$15,000, with the unpaid balance due in full on the September 2022 maturity date. The term loan can be repaid at any time prior to the maturity date without penalty. Interest on borrowings under the U.S. Credit Agreement can be based on London Interbank Offered Rate ("LIBOR") or a base rate at the Company's option, plus a margin. The margin for LIBOR loans ranges from 1.25% to 2.00% and the margin for base rate loans ranges from 0.25% to 1.00%, provided that LIBOR shall not be less than zero. The base rate is a variable rate which is the highest of (a) the Federal Funds Rate, plus a margin of 0.5%, (b) the rate of interest announced, from time to time, by the agent, Bank of America, N.A., as its "prime rate," and (c) the Eurodollar Rate, plus 1.0%. The unused revolving credit facility commitment fee ranges from 0.175% to 0.30% per annum. The margins above the applicable interest rates and the revolving commitment fee for revolving loans are based on SYNEX' consolidated leverage ratio, as calculated under the U.S. Credit Agreement.

SYNEX United States term loan credit agreement

In order to fund the Convergys acquisition (See note 3), the related refinancing or settlement of Convergys' debt and payment of related fees and expenses, SYNEX entered into a secured term loan credit agreement on

August 9, 2018 (the “U.S. Term Loan Credit Agreement”) with a group of financial institutions, which provided for the extension of one or more term loans in an aggregate principal amount not to exceed \$1,800,000. Until November 30, 2018, SYNnex had drawn \$1,550,000 of term loans. During fiscal year 2019, SYNnex borrowed the remaining available amount of \$250,000 under the facility to settle part of Convergys’ outstanding Convertible Debentures.

Certain of SYNnex’ subsidiaries in the United States, including Concentrix entities in the United States, jointly and severally guarantee SYNnex’ term loan under SYNnex’ U.S. senior secured credit agreement. SYNnex’ obligations under the U.S. Term Loan Credit Agreement are secured by substantially all of SYNnex and certain of its domestic subsidiaries’ including Concentrix United States entities’, assets on a pari passu basis with the interests of the lenders under the existing U.S. Credit Agreement pursuant to an intercreditor agreement.

The U.S. Term Loan Credit Agreement matures in October 2023. The outstanding principal amount of the term loans is payable in quarterly installments of \$22,500, with the unpaid balance due in full on the maturity date. The term loan can be repaid at any time prior to the expiration date without penalty. Interest on borrowings under the U.S. Term Loan Credit Agreement can be based on LIBOR or a base rate at SYNnex’ option, plus a margin. The margin for LIBOR loans ranges from 1.25% to 1.75% and the margin for base rate loans ranges from 0.25% to 0.75%, provided that LIBOR shall not be less than zero. The base rate is a variable rate which is the highest of (a) 0.5% plus the greater of (x) the Federal Funds Rate in effect on such day and (y) the overnight bank funding rate in effect on such day, (b) the Eurodollar Rate plus 1.0% per annum, and (c) the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. During the period in which the term loans were available to be drawn, SYNnex paid term loan commitment fees. The margins above SYNnex’ applicable interest rates are, and the term loan commitment fee were, based on SYNnex’ consolidated leverage ratio as calculated under the U.S. Term Loan Credit Agreement.

Future principal payment

As of November 30, 2019 and 2018, the balance payable by SYNnex under the U.S. Credit Agreement was \$1,105,800 and \$1,095,000, respectively. As of November 30, 2019 and 2018, the balance payable by SYNnex under the U.S. Term Loan Credit Agreement was \$1,732,500 and \$1,755,000, respectively. The amounts guaranteed by Concentrix under the U.S. Credit Agreement and U.S. Term Loan Credit Agreement are recorded in the combined financial statements of the Company to the extent drawn from the Parent, net of repayments to the Parent. Refer to note 10 for further details of terms of these borrowings recorded by the Company in the combined balance sheets.

Covenant compliance

The U.S. Credit Agreement and the U.S. Term Loan Credit Agreement have a number of covenants and restrictions that, among other things, require SYNnex to maintain specified financial ratios and satisfy certain financial condition tests. The covenants also limit SYNnex’ ability to incur additional debt, make or forgive intercompany loans, pay dividends and make other types of distributions, make certain acquisitions, repurchase SYNnex’ stock, create liens, cancel debt owed to SYNnex, enter into agreements with affiliates, modify the nature of the SYNnex business, enter into sale-leaseback transactions, make certain investments, transfer and sell assets, cancel or terminate any material contracts and merge or consolidate. As of November 30, 2019, SYNnex was in compliance with all material covenants for the above arrangements.

Concentrix India revolving lines of credit facilities

The CX business legal entities in India have credit facilities with a financial institution to borrow up to an aggregate amount of \$22,000. The interest rate under these facilities is the higher of the bank’s minimum lending rate or LIBOR, plus a margin of 0.9% per annum. SYNnex guarantees the obligations under these credit facilities. These credit facilities can be terminated at any time by the Indian legal entities or the financial

institution. There were no borrowings outstanding under these credit facilities as of either November 30, 2019 or 2018.

Convertible Debentures and other borrowings related to the Convergys acquisition

In connection with the Convergys acquisition, the CX business became the obligor under Convergys' \$124,963 aggregate principal amount of 5.75% Junior Subordinated Convertible Debentures due September 2029. The CX business determined that the embedded conversion feature included in the convertible debentures required liability treatment because a portion was convertible into a fixed dollar amount based on a variable conversion rate, and was recorded at fair value in other accrued liabilities in the combined balance sheets. The CX business was entitled to redeem the Convertible Debentures on or after September 15, 2019. At the date of acquisition, the Convertible Debentures were convertible at the option of the holders on or after September 15, 2028 and prior to that date only under certain circumstances, including a stock sales price condition at an implied conversion ratio of approximately 90.7697 per one thousand dollars in principal amount of debentures, and the occurrence of a fundamental change, such as the acquisition. As a result, holders of the convertible debentures were permitted, for a specified period after the acquisition by SYNEX, to convert their convertible debentures at a temporarily increased conversion rate determined in accordance with the existing indenture. Upon conversion, the aggregate principal amount of the Convertible Debentures had to be settled in cash and the remainder, if any, of CX businesses conversion obligation in excess of the aggregate principal amount, could be settled in cash, or in the same combination of cash and common stock of the Parent that was received by the Convergys shareholders as consideration for their shares in the acquisition. As the Convertible Debentures were convertible into common shares of SYNEX due to the sales price condition being met prior to the acquisition, the Convertible Debentures and the conversion spread liability were classified as current borrowings and other accrued liabilities, respectively, in the combined balance sheets. Through November 30, 2018, \$55,681 of the principal amount of Convertible Debentures had been settled for \$118,425 in cash under the fundamental change provision. During fiscal year ended November 30, 2019, the remaining \$69,282 of the principal amount was settled in cash for \$148,047.

In connection with the Convergys acquisition, the Parent caused certain revolving debt facilities of Convergys to be repaid. These facilities were terminated on the acquisition date and the outstanding amount of \$195,421 was repaid with funds from the initial draw of the U.S. Term Loan Credit Agreement described above.

Interest expense and finance charges

The total interest expense and finance charges for external borrowings of Concentrix was \$36 and \$205 for fiscal years 2018 and 2017, respectively. There was no interest expense payable to third party lenders during fiscal year 2019.

NOTE 9—REVENUE:

Disaggregated revenue

In the following tables, the Company’s revenue is disaggregated by primary industry verticals and geographic location:

	Fiscal Years Ended November 30,		
	2019	2018	2017
Industry vertical:			
Technology and consumer electronics	\$ 1,283,084	\$ 880,958	\$ 697,206
Communications and media	1,142,242	345,455	195,279
Retail, travel and ecommerce	763,265	376,622	258,987
Banking, financial services and insurance	676,246	350,322	289,746
Healthcare	369,187	184,376	145,048
Other	473,889	325,418	403,913
Total	\$ 4,707,912	\$ 2,463,151	\$ 1,990,180

The Company attributes revenues from external customers to the country of domicile of the Concentrix legal entity that is party to the customer contract. Shown below are the countries that accounted for 10% or more of the Company’s revenue for the periods presented:

	Fiscal Years Ended November 30,		
	2019	2018	2017
Revenue by geography:			
United States	\$ 1,135,710	\$ 764,733	\$ 706,796
Philippines	809,252	262,986	126,654
Great Britain	448,061	254,650	209,152
India	330,980	229,824	227,724
Others	1,983,909	950,958	719,854
Total	\$ 4,707,912	\$ 2,463,151	\$ 1,990,180

Deferred revenue contract liabilities and deferred costs to obtain or fulfill a contract are not material.

NOTE 10—RELATED PARTY TRANSACTIONS:

The Company provides certain services related to its core business to the Parent which are reported as Revenue from customer experience services to Parent in the combined statements of operations. The cost associated with such services is reported as cost of revenue related to services to Parent in the combined statements of operations. The Company also purchases certain products from the Parent, receives allocations of corporate expenses by way of a monthly management fee, records compensation expense for share-based awards granted by the Parent to Concentrix employees and receives financing for acquisition and operations under the terms of intra SYNEX group borrowing arrangements.

The following table presents the Company’s transactions with the Parent for the periods indicated:

	Fiscal Years Ended November 30,		
	2019	2018	2017
Revenue from customer experience services to Parent	\$ 20,585	\$ 18,284	\$ 15,350
Purchases from Parent and its non-Concentrix subsidiaries	4	85	314
Interest expense on borrowings from Parent	95,395	39,652	28,393
Interest income on borrowings made to Parent	2,066	846	3,739
Corporate allocations	1,574	1,574	1,574
Share-based compensation	10,554	7,740	5,244

The majority of the loans payable to and receivable from Parent as reported on the combined balance sheets are lines of credits and are auto renewed after expiration of the original terms. The interest rates on these loans range from approximately 1% to 9% for fiscal years 2018 and 2017. In fiscal year 2017, the Company amended the interest rate on one of the loans from LIBOR + 2.75% to the lowest of the applicable federal rates (“AFR”) in effect for the current month and the preceding two months as published by the Internal Revenue Service (“IRS”). The AFR is the interest rate that the IRS deems would not result in a taxable event for loans between related parties.

As of November 30, 2019, and 2018, the receivable from and payable to Parent and its non-Concentrix subsidiaries are primarily trade in nature.

SYNNEX has issued guarantees to certain of the Company’s clients to guarantee the performance obligations of the certain of the Company’s legal entities. If these entities are unable to meet their performance obligations under the terms of client contracts, the Parent would be obligated under these guarantees to pay damages. The Parent guarantee would be replaced by Concentrix guarantees upon separation.

As disclosed in note 8, certain of SYNNEX’ subsidiaries, including certain Concentrix legal entities in the United States, jointly and severally guarantee certain of SYNNEX’ borrowing arrangement. All SYNNEX subsidiaries in the United States, including Concentrix legal entities, have pledged their assets as security under the terms of these agreements.

Concentrix’ U.S. subsidiaries are part of SYNNEX’ U.S. consolidated group for U.S. tax purposes and will be in a tax-sharing arrangement with SYNNEX until Concentrix is deemed to leave SYNNEX’ U.S. consolidated group as a result of Concentrix’ spin-off from SYNNEX.

NOTE 11—PENSION AND EMPLOYEE BENEFITS PLANS:

The Company has 401(k) plans in the United States under which eligible employees may contribute up to the maximum amount as provided by law. Employees become eligible to participate in these plans on the first day of the month after their employment date. The Company may make discretionary contributions under the plans. Employees in most of the Company’s non-U.S. legal entities are covered by government mandated defined contribution plans. During fiscal years 2019, 2018 and 2017, the Company contributed \$43,963, \$35,594 and \$31,727, respectively, to defined contribution plans.

Defined Benefit Plans

The Company has defined benefit pension or retirement plans for eligible employees in certain non-U.S. legal entities. Benefits under these plans are primarily based on years of service and compensation during the years immediately preceding retirement or termination of participation in the plans. In addition, as part of the Convergys acquisition, the Company acquired a frozen defined benefit pension plan, which includes both a qualified and non-qualified portion, for all eligible employees in the U.S. (“the cash balance plan”) and unfunded

defined benefit plans for certain eligible employees in the Philippines, Malaysia and France. The pension benefit formula for the cash balance plan is determined by a combination of compensation, age-based credits and annual guaranteed interest credits. The qualified portion of the cash balance plan has been funded through contributions made to a trust fund. The plan assumptions are evaluated annually and are updated as deemed necessary. Net benefit costs related to defined benefit plans were \$9,731, \$3,415 and \$2,999, during fiscal years 2019, 2018 and 2017, respectively.

The Company's measurement date for all defined benefit plans and other postretirement benefits is November 30 and the plan assumptions are evaluated annually and are updated as deemed necessary. The status of employee benefit plans is summarized below:

	<u>Year Ended November 30,</u>	
	<u>2019</u>	<u>2018</u>
Change in Benefit Obligation:		
Benefit obligation at beginning of year	\$ 239,744	\$ 11,743
Service cost	5,797	2,122
Interest cost	10,266	723
Actuarial (gain) loss	33,696	1,103
Benefits paid	(15,982)	(2,496)
Settlements	(13,140)	(208)
Acquisition	—	227,072
Foreign currency adjustments	647	(315)
Projected obligation at end of year	<u>\$ 261,028</u>	<u>\$ 239,744</u>
Change in Plan Assets:		
Fair value of plan assets at beginning of year	\$ 159,184	\$ 1,691
Actual return on assets	5,358	113
Settlements	(13,140)	—
Acquisition	—	157,505
Employer contributions	1,872	737
Benefits paid	(7,436)	(737)
Foreign currency adjustments	(193)	(125)
Fair value of plan assets at end of year	<u>\$ 145,645</u>	<u>\$ 159,184</u>
Funded Status of Plans:		
Unfunded status	<u>\$ 115,383</u>	<u>\$ 80,560</u>

Amounts recognized in the combined balance sheet as of November 30, 2019 and 2018 consist of:

	<u>As of November 30,</u>	
	<u>2019</u>	<u>2018</u>
Current liability	\$ 9,189	\$ 8,170
Non-current liability	\$ 106,194	\$ 72,390

The following weighted-average rates were used in determining the benefit obligations at November 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Discount rate	0.6% - 7.6%	0.6% - 8.1%
Expected return on plan assets	6.2% - 7.5%	6.2% - 7.5%
Expected rate of future compensation growth	1.75% - 10%	1.75% - 10%

The following weighted-average rates were used in determining the pension costs at November 30, 2019 and 2018:

	2019	2018
Discount rate	0.6% - 7.4%	0.6% - 8.1%
Expected return on plan assets	4.5% - 7.5%	4.5% - 7.5%
Expected rate of future compensation growth	1.75% - 10%	1.75% - 10%

The range of discount rates utilized in determining the pension cost and projected benefit obligation of the Company's defined benefit plans reflects a lower prevalent rate applicable to the frozen cash balance plan for eligible employees in U.S. and a higher applicable rate for the unfunded defined benefit plan for certain eligible employees in the Philippines, France and Malaysia. The plans outside the U.S. represented approximately 22% and 19%, respectively, of the Company's total projected benefit obligation for all plans as of November 30, 2019 and 2018.

Plan Assets

As of November 30, 2019 and 2018, plan assets for the cash balance plan consisted of common/collective trusts (of which approximately 55% are invested in equity backed funds and approximately 42% are invested in funds in fixed income instruments) and a private equity fund. The Company's targeted allocation was 60% equity and 40% fixed income. The investment objectives for the plan assets are to generate returns that will enable the plan to meet its future obligations. The Company's expected long-term rate of return was determined based on the asset mix of the plan, projected returns, past performance and other factors. The Company has satisfied its ERISA funding requirements through 2020. The following table sets forth the fair value of those plan assets as of November 30, 2019 and 2018:

Asset Category:	As of November 30.	
	2019	2018
Cash and cash equivalents	\$ 3,460	\$ 3,410
Fixed income	58,670	64,938
Equity securities:		
U.S. large cap	48,293	52,853
U.S. small cap	9,025	9,754
International equity	23,441	25,522
Investment funds	2,335	1,678
Limited partnership	421	1,029
Total investments	<u>\$ 145,645</u>	<u>\$ 159,184</u>

The majority of investments in the cash balance plan are in Level 2 investments, which are comprised of common/collective trust funds that are public investment vehicles valued using a net asset value provided by the manager of each fund based on the underlying net assets owned by the funds, divided by the number of shares outstanding. Level 1 investments are in Cash, Deposit and Money Market instruments and Level 3 investments are equity based funds that primarily invest in domestic early stage capital funds.

Benefit Payments

The following table details expected benefit payments for the assumed cash balance plan:

Fiscal Years Ending November 30,	
2020	\$ 26,629
2021	25,192
2022	23,837
2023	22,935
2024	22,373
Thereafter (2025-2029)	95,902
	<u>\$ 216,868</u>

No plan assets are expected to be returned to the Company during 2020. The Company expects to make approximately \$7,000 in contributions during fiscal year 2020. The Company also expects approximately \$1,900 of actuarial loss included in AOCI will be recognized during fiscal year 2020.

NOTE 12—INCOME TAXES:

The sources of income before the provision for income taxes are as follows:

	Fiscal Years Ended November 30,		
	2019	2018	2017
United States	\$(121,886)	\$(80,649)	\$(47,118)
Foreign	326,302	191,557	135,396
	<u>\$ 204,416</u>	<u>\$ 110,908</u>	<u>\$ 88,277</u>

Provision for income taxes consists of the following:

	Fiscal Years Ended November 30,		
	2019	2018	2017
Current tax provision (benefit):			
Federal	\$ 34,076	\$ 19,305	\$ (5,320)
State	(6,260)	(294)	952
Foreign	75,717	55,003	38,480
	<u>\$ 103,533</u>	<u>\$ 74,014</u>	<u>\$ 34,112</u>
Deferred tax provision (benefit):			
Federal	\$ (19,139)	\$ (1,593)	\$(10,038)
State	362	(2,344)	(2,408)
Foreign	2,496	(7,440)	(5,640)
	<u>\$ (16,281)</u>	<u>\$(11,377)</u>	<u>\$(18,085)</u>
Total tax provision	<u>\$ 87,252</u>	<u>\$ 62,637</u>	<u>\$ 16,027</u>

On December 22, 2017, Public Law 115-97, informally referred to as the Tax Cuts and Jobs Act (the "TCJA") was enacted into law. The TCJA provided for significant changes to the U.S. Internal Revenue Code of 1986, as amended, that impacted corporate taxation requirements. The TCJA significantly revised the ongoing U.S. corporate income tax law by lowering the U.S. federal corporate income tax rate from 35% to 21%, implementing a territorial tax system, imposing a one-time tax on foreign unremitted earnings and setting limitations on deductibility of certain costs (e.g., interest expense), among other things. During fiscal year 2018,

the Company accounted for the impact of the TCJA resulting in additional income tax expense of \$22,626. The significant components of this expense were (i) the one-time deemed repatriation tax on unremitted non-U.S. earnings and profits that were previously tax deferred and other tax impacts of the TCJA, which resulted in an increase in income tax expense, net of deductions and credits, of \$30,484 and (ii) the remeasurement of net deferred tax liabilities at the lower enacted U.S. federal corporate tax rate, which resulted in a decrease of \$7,858 in income tax expense. Concentrix 2019 tax expense in these financial statements was increased by an adjustment of \$23,807 (\$33,407 current tax expense offset by \$9,600 deferred tax benefit) to reflect the hypothetical tax impact if Concentrix was not part of SYNnex' U.S. consolidated group and thereby suffered a much higher US foreign tax credit limitation. The offset to the \$23,807 hypothetical tax expense is reflected in the Parent investment line of the Equity section of the combined balance sheet. The hypothetical tax expense was applied only to the Company's tax expense in fiscal year 2019 because it relates to changes to tax law under the TCJA that were not applicable to the Company's tax expense in fiscal year 2018 or 2017.

The following presents the breakdown of net deferred tax liabilities after netting by taxing jurisdiction:

	<u>As of November 30,</u>	
	<u>2019</u>	<u>2018</u>
Deferred tax assets	\$ 64,879	\$ 71,347
Deferred tax liabilities	(188,572)	(181,083)
Total net deferred tax liabilities	<u>\$ (123,693)</u>	<u>\$ (109,736)</u>

Net deferred tax liabilities consist of the following:

	<u>As of November 30,</u>	
	<u>2019</u>	<u>2018</u>
Assets:		
Net operating losses	\$ 67,059	\$ 69,974
Accruals and other reserves	42,799	53,486
Depreciation and amortization	16,712	21,404
U.S. interest limitation carry forward	9,620	—
Share-based compensation expense	7,793	5,835
Deferred revenue	3,922	5,626
Tax credits	3,058	3,926
Intercompany payables/receivables	452	39,476
Foreign tax credit	296	15,456
Allowance for doubtful accounts and sales return reserves	—	2,287
Others	9,804	7,516
Gross deferred tax assets	161,515	224,986
Valuation allowance	(44,892)	(56,033)
Total deferred tax assets	<u>\$ 116,623</u>	<u>\$ 168,953</u>
Liabilities:		
Intangible assets	\$ (211,490)	\$ (249,077)
Unremitted non-US earnings	(27,771)	(21,528)
Others	(1,055)	(8,084)
Total deferred tax liabilities	<u>\$ (240,316)</u>	<u>\$ (278,689)</u>
Net deferred tax liabilities	<u>\$ (123,693)</u>	<u>\$ (109,736)</u>

The valuation allowance relates primarily to certain state and foreign net operating loss carry forward, foreign deferred items and state credits. The Company's assessment is that it is not more likely than not that these deferred tax assets will be realized.

A reconciliation of the statutory United States federal income tax rate to the Company's effective income tax rate is as follows:

	Fiscal Years Ended November 30,		
	2019	2018	2017
Federal statutory income tax rate	21.0%	22.2%	35.0%
State taxes, net of federal income tax benefit	(2.2)%	(2.6)%	(1.4)%
International rate difference	(1.9)%	(0.3)%	(15.5)%
Withholding taxes	1.2%	2.8%	1.1%
Uncertain tax benefits	5.0%	5.6%	5.9%
Changes in valuation allowance	2.7%	(1.7)%	(2.6)%
Contingent debentures	(0.2)%	1.9%	—
Adjustments related to the TCJA	8.4%	24.1%	—
Hypothetical current tax expense recorded for separate return basis presentation	11.6%	—	—
Other	(2.9)%	4.5%	(4.5)%
Effective income tax rate	<u>42.7%</u>	<u>56.5%</u>	<u>18.2%</u>

The Company's United States business has sufficient cash flow and liquidity to fund its operating requirements and the Company expects and intends that profits earned outside the United States will be fully utilized and reinvested outside of the United States with the exception for earnings of certain previously acquired non-U.S. entities. The Company recorded deferred tax liabilities related to non-U.S. withholding taxes related to the earnings likely to be repatriated in the future.

As of November 30, 2019, the Company had approximately \$823,015 of undistributed earnings of its non-U.S. subsidiaries for which it has not provided for non-U.S. withholding taxes and state taxes because such earnings are intended to be reinvested indefinitely in international operations. It is not practicable to determine the amount of applicable taxes that would be due if such earnings were distributed. Accordingly, the Company has not provisioned United States state taxes and non-U.S. withholding taxes on non-U.S. legal entities for which the earnings are permanently reinvested.

As of November 30, 2019, the Company had net operating loss carry forward of approximately \$28,939 and \$36,782 for federal and state purposes, respectively. The federal net operating loss carry forward will start expiring in fiscal year ending November 30, 2021, if not used, and the state net operating loss carry forward will start expiring in fiscal year ending November 30, 2020, if not used. The Company also had approximately \$131,616 of foreign net operating loss carry forward that will also start expiring in fiscal year ending November 30, 2021 if not used. In addition, the Company has approximately \$3,038 of various federal and state income tax credit carry forwards that if not used, will begin expiring in fiscal year ending November 30, 2020. Utilization of the acquired loss carry forwards may be limited pursuant to Section 382 of the Internal Revenue Code of 1986.

The Company enjoys tax holidays in certain jurisdictions, primarily, China, Costa Rica, Nicaragua and the Philippines. The tax holidays provide for lower or zero rates of taxation and require various thresholds of investment and business activities in those jurisdictions. Certain tax holidays begin to expire in fiscal year 2020. The estimated tax benefits from the above tax holidays for fiscal years 2019, 2018, and 2017 were approximately \$8,247, \$3,999, and \$4,000, respectively.

The aggregate changes in the balances of gross unrecognized tax benefits, excluding accrued interest and penalties, during fiscal years 2019, 2018, and 2017 were as follows:

Balance as of November 30, 2016	\$20,922
Additions based on tax positions related to the current year	3,485
Reductions for tax positions of prior years	(1,429)
Lapse of statute of limitations	(3,776)
Changes due to translation of foreign currencies	(26)
Balance as of November 30, 2017	19,176
Additions based on tax positions related to the current year	6,046
Additions for tax positions of prior years and acquisition	14,704
Lapse of statute of limitations	(1,251)
Changes due to translation of foreign currencies	—
Balance as of November 30, 2018	38,675
Additions based on tax positions related to the current year	10,753
Additions for tax positions of prior years and acquisition	5,166
Reductions for tax positions of prior years	(968)
Lapse of statute of limitations	(4,698)
Changes due to translation of foreign currencies	—
Balance as of November 30, 2019	<u>\$48,928</u>

The Company conducts business globally and files income tax returns in various U.S. and non-U.S. jurisdictions. The Company is subject to continuous examination and audits by various tax authorities. Significant audits are underway in the United States, Canada and India. The Company is not aware of any material exposures arising from these tax audits or in other jurisdictions not already provided for.

Although timing of the resolution of audits and/or appeals is highly uncertain, the Company believes it is reasonably possible that the total amount of unrecognized tax benefits as of November 30, 2019 could decrease between \$5,000 and \$10,000 in the next twelve months. The Company is no longer subject to U.S. federal income tax audit for returns covering years through fiscal 2015. The Company is no longer subject to non-U.S. or state income tax audits for returns covering years through 2011, and fiscal year 2013, respectively.

As of November 30, 2019, \$54,463 of the total unrecognized tax benefits, net of federal benefit, would affect the effective tax rate, if realized. The Company's policy is to include interest and penalties related to income taxes, including unrecognized tax benefits, within the provision for income taxes. As of November 30, 2019 and 2018, the Company had accrued \$12,852 and \$10,506, respectively, in income taxes payable related to accrued interest and penalties.

NOTE 13—COMMITMENTS AND CONTINGENCIES:

The Company leases certain of its facilities and equipment under operating lease agreements, which expire in various periods through 2034. Future minimum contractually required cash payment obligations under non-cancellable lease agreements as of November 30, 2019 were as follows:

Fiscal Years Ending November 30,	
2020	\$ 191,384
2021	157,076
2022	119,022
2023	86,700
2024	59,101
Thereafter	62,663
Total minimum lease payments	<u>\$ 675,946</u>

Rent expense for the years ended November 30, 2019, 2018 and 2017 amounted to \$216,730, \$100,269 and \$77,629, respectively. Sublease income was immaterial for each of the periods presented and is immaterial for the amounts entitled to be received in future periods under non-cancellable sublease arrangements.

From time to time, the Company receives notices from third parties, including customers and suppliers, seeking indemnification, payment of money or other actions in connection with claims made against them. Also, from time to time, the Company has been involved in various bankruptcy preference actions where the Company was a supplier to the companies now in bankruptcy. In addition, the Company is subject to various other claims, both asserted and unasserted, that arise in the ordinary course of business. The Company evaluates these claims and records the related liabilities. It is possible that the ultimate liabilities could differ from the amounts recorded.

The Company does not believe that the above commitments and contingencies will have a material adverse effect on the Company's results of operations, financial position or cash flows.

NOTE 14—SUBSEQUENT EVENT:

The Company evaluated subsequent events for recognition or disclosure through February 21, 2020, the date the combined financial statements were available to be issued.

CONCENTRIX

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

For the Fiscal Years Ended November 30, 2019, 2018 and 2017

(in thousands)

(Amounts may not add due to rounding)

	<u>Balances at Beginning of Fiscal Year</u>	<u>Additions/Deductions Charged to Revenue and Expense, net</u>	<u>Additions from Acquisitions</u>	<u>Reclassifications and Write-offs</u>	<u>Balances at End of Fiscal Year</u>
Fiscal Year Ended November 30, 2017					
Allowance for deferred tax assets	\$ 14,394	\$ (2,303)	\$ —	\$ —	\$ 12,091
Fiscal Year Ended November 30, 2018					
Allowance for deferred tax assets	\$ 12,091	\$ (1,854)	\$ 45,796	\$ —	\$ 56,033
Fiscal Year Ended November 30, 2019					
Allowance for deferred tax assets	\$ 56,033	\$ 5,589	\$ —	\$ (16,730)	\$ 44,892

**UNAUDITED COMBINED FINANCIAL STATEMENTS OF CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNnex CORPORATION)**

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNnex CORPORATION)
COMBINED BALANCE SHEETS
(currency in thousands)

	<u>August 31,</u> <u>2020</u>	<u>November 30,</u> <u>2019</u>
	<u>(unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 93,341	\$ 79,656
Accounts receivable, net	940,091	931,082
Receivable from SYNnex Corporation ("Parent")	26,298	17,495
Loan receivable from Parent	73,425	67,676
Other current assets	233,029	203,696
Total current assets	1,366,184	1,299,605
Property and equipment, net	423,438	411,465
Goodwill	1,835,526	1,829,328
Intangible assets, net	835,776	934,123
Deferred tax assets	72,956	64,879
Other assets	585,514	114,355
Total assets	<u>\$ 5,119,394</u>	<u>\$ 4,653,755</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 117,796	\$ 106,147
Payable to Parent	87,016	85,898
Loans payable to Parent	1,721,207	1,981,385
Accrued compensation and benefits	360,609	319,065
Other accrued liabilities	354,040	189,605
Income taxes payable	25,449	16,209
Total current liabilities	2,666,117	2,698,308
Other long-term liabilities	653,567	297,034
Deferred tax liabilities	171,743	188,572
Total liabilities	3,491,427	3,183,914
Commitments and contingencies (Note 14)		
Equity:		
Parent company investment	1,638,529	1,519,923
Accumulated other comprehensive loss	(10,562)	(50,082)
Total Parent equity	1,627,967	1,469,841
Total liabilities and equity	<u>\$ 5,119,394</u>	<u>\$ 4,653,755</u>

(Amounts may not add due to rounding)

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

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNEX CORPORATION)
UNAUDITED COMBINED STATEMENTS OF OPERATIONS
(currency in thousands)

	Nine Months Ended	
	August 31, 2020	August 31, 2019
Revenue		
Customer experience services	\$ 3,403,305	\$ 3,480,275
Customer experience services to Parent	15,371	14,801
Total revenue	3,418,676	3,495,076
Cost of revenue		
Cost of revenue for customer experience services	2,206,256	2,196,212
Cost of revenue related to services to Parent	9,527	8,847
Gross profit	1,202,893	1,290,017
Selling, general and administrative expenses	(1,014,339)	(1,097,139)
Operating income	188,554	192,878
Interest expense (primarily related to borrowings from Parent) and finance charges, net	(39,515)	(71,970)
Other income, net	4,283	2,681
Income before income taxes	153,322	123,589
Provision for income taxes	(53,138)	(38,295)
Net income	<u>\$ 100,184</u>	<u>\$ 85,294</u>

(Amounts may not add due to rounding)

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

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNEX CORPORATION)
UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME
(currency in thousands)

	Nine Months Ended	
	August 31, 2020	August 31, 2019
Net income	\$ 100,184	\$ 85,294
Other comprehensive income (loss):		
Change in unrealized losses of defined benefit plans, net of taxes of \$3,114 and \$(8) for the nine months ended August 31, 2020 and 2019, respectively	(8,879)	351
Unrealized gains (losses) on cash flow hedges during the period, net of taxes of \$(8,934) and \$(2,085) for the nine months ended August 31, 2020 and 2019, respectively.	26,860	6,218
Reclassification of net (gains) losses on cash flow hedges to net income, net of tax expense (benefit) of \$4,774 and \$4,340 for the nine months ended August 31, 2020 and 2019, respectively.	(14,354)	(12,832)
Total change in unrealized gains (losses) on cash flow hedges, net of taxes	<u>12,506</u>	<u>(6,614)</u>
Foreign currency translation adjustments, net of taxes of \$0 for the nine months ended August 31, 2020 and 2019	35,893	(16,970)
Other comprehensive income (loss)	<u>39,520</u>	<u>(23,233)</u>
Comprehensive income	<u>\$ 139,704</u>	<u>\$ 62,061</u>

(Amounts may not add due to rounding)
The accompanying notes are an integral part of these combined financial statements.

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNEX CORPORATION)
UNAUDITED COMBINED STATEMENTS OF PARENT EQUITY
(currency in thousands)

	<u>Parent company investment</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Total Parent equity</u>
Balances, November 30, 2018	\$ 1,359,001	\$ (39,199)	\$ 1,319,802
Share-based compensation	6,378	—	6,378
Other comprehensive income (loss)	—	(23,233)	(23,233)
Hypothetical current tax expense recorded for separate return basis presentation	10,484	—	10,484
Net income	85,294	—	85,294
Balances, August 31, 2019	\$ 1,461,157	\$ (62,432)	\$ 1,398,725
Balances, November 30, 2019	\$ 1,519,923	\$ (50,082)	\$ 1,469,841
Share-based compensation	11,821	—	11,821
Transfers from Parent	(2,986)	—	(2,986)
Other comprehensive income (loss)	—	39,520	39,520
Hypothetical current tax expense recorded for separate return basis presentation	9,587	—	9,587
Net income	100,184	—	100,184
Balances, August 31, 2020	<u>\$ 1,638,529</u>	<u>\$ (10,562)</u>	<u>\$ 1,627,967</u>

(Amounts may not add due to rounding)
The accompanying notes are an integral part of these combined financial statements.

CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNnex CORPORATION)
UNAUDITED COMBINED STATEMENTS OF CASH FLOWS
(currency in thousands)

	Nine Months Ended	
	August 31, 2020	August 31, 2019
Cash flows from operating activities:		
Net income	\$ 100,184	\$ 85,294
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	93,488	106,523
Amortization	110,190	125,181
Share-based compensation	11,821	6,378
Provision for doubtful accounts	5,477	5,547
Deferred income taxes	(25,721)	(17,736)
Hypothetical current tax expense recorded for separate return basis presentation	9,587	10,484
Unrealized foreign exchange (gains) losses	12,666	(4,898)
Convertible debt conversion option fair value and extinguishment losses	—	1,559
Other	(1,136)	471
Changes in operating assets and liabilities, net of acquisition of businesses:		
Accounts receivable, net	(2,789)	33,021
Receivable from Parent	(8,803)	(2,236)
Payable to Parent	1,118	(15,304)
Accounts payable	7,414	(4,792)
Other operating assets and liabilities	75,081	(46,604)
Net cash provided by operating activities	<u>388,577</u>	<u>282,888</u>
Cash flows from investing activities:		
Loan to non-Concentrix subsidiary of Parent as part of its centralized treasury operations	(5,749)	(26,662)
Purchases of property and equipment	(106,249)	(70,974)
Acquisition of businesses, net of cash acquired and refunds	(4,941)	(8,646)
Net cash used in investing activities	<u>(116,939)</u>	<u>(106,282)</u>
Cash flows from financing activities:		
Repayments of borrowings	—	(148,022)
Proceeds / Repayments of borrowings from Parent	(260,178)	(77,758)
Net cash used in financing activities	<u>(260,178)</u>	<u>(225,780)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2,121	3,146
Net increase (decrease) in cash, cash equivalents and restricted cash	13,581	(46,028)
Cash, cash equivalents and restricted cash at beginning of period	83,514	127,884
Cash, cash equivalents and restricted cash at end of period	<u>\$ 97,095</u>	<u>\$ 81,855</u>
Supplemental disclosures of cash flow information:		
Accrued costs for property and equipment purchases	\$ 12,659	\$ 2,681

(Amounts may not add due to rounding)

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

**CONCENTRIX
(CUSTOMER EXPERIENCE SERVICES BUSINESS OF SYNnex CORPORATION)**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS
(currency and share amounts in thousands, except per share amounts)**

NOTE 1—BACKGROUND AND BASIS OF PRESENTATION:

Background

The customer experience services (“CX”) business of SYNnex Corporation (“SYNnex” or the “Parent”), is a leading global provider of technology-infused CX solutions and end-to-end global business outsourcing services focused on customer experience, process optimization, technology innovation, front and back-office automation and business transformation to clients in five primary industry verticals.

On January 9, 2020, SYNnex announced a plan to separate the CX business into an independent publicly-traded company. The CX business is held entirely within certain wholly-owned subsidiaries of SYNnex. Except for transactions described in Note 10, these wholly-owned subsidiaries do not perform activities related to any non-CX business of SYNnex. As the separate legal entities that make up the CX business were not historically held by a single legal entity, SYNnex has undertaken a series of transactions in preparation for the separation, following which Concentrix Corporation will hold directly or indirectly through its subsidiaries, the CX business (“Concentrix,” the “CX business” or the “Company”). The separation, which was delayed due to the focus on managing the economic impact of the COVID-19 pandemic, barring further economic disruption, is now expected to be completed in the fourth quarter of calendar year 2020. The plan is subject to current economic and capital market trends. The separation is expected to be completed by a pro rata distribution of the shares of common stock of Concentrix Corporation held by SYNnex to stockholders of SYNnex. The separation is intended to qualify as a tax-free transaction for federal income tax purposes for both SYNnex and its current stockholders. Immediately following the separation, it is expected that SYNnex’ stockholders will own shares of both SYNnex and Concentrix, at the same percentage ownership that they held of SYNnex prior to the transaction. Completion of the separation will not require a vote by SYNnex’ stockholders but will be subject to customary closing conditions, including, among others, obtaining final approval from SYNnex’ Board of Directors, receipt of a favorable opinion with respect to the tax-free nature of the transaction for federal income tax purposes, and a declaration by the Securities and Exchange Commission (“SEC”) of the effectiveness of the Form 10 registration statement of which these combined financial statements form a part.

The accompanying interim unaudited combined financial statements as of August 31, 2020 and for the nine months ended August 31, 2020 and 2019 have been derived from the consolidated financial statements and accounting records of the Parent as if the Company had been operated on a stand-alone basis during the periods presented and are in accordance with the rules and regulations of the Securities and Exchange Commission. The amounts as of November 30, 2019 have been derived from the Company’s annual audited financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States have been condensed or omitted in accordance with such rules and regulations. In the opinion of management, the accompanying unaudited combined financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to state fairly the financial position of the Company and its results of operations and cash flows as of and for the periods presented. These financial statements should be read in conjunction with the annual audited financial statements for the fiscal year ended November 30, 2019 and notes thereto included elsewhere in this information statement.

Interim results of operations are not necessarily indicative of financial results for a full year, and the Company makes no representations related thereto. Certain columns and rows may not add due to the use of rounded numbers.

Basis of presentation

The CX business is held entirely within certain wholly-owned subsidiaries of SYNnex dedicated to the CX business. As the separate legal entities that make up the CX business were not historically held by a single legal entity, these combined financial statements of the Company have been prepared in connection with the expected separation and have been derived from the SYNnex consolidated financial statements and accounting records of the Parent as if the Company had been operated on a stand-alone basis during the periods presented. These combined financial statements were prepared in accordance with GAAP and pursuant to the rules and regulations of the SEC. All direct revenue and expenses attributable to the Concentrix business including certain allocations of Parent costs and expenses have been separately maintained in a separate ledger in the legal entities that make up the Concentrix business. As the separate legal entities that make up the Concentrix business were not historically held by a single legal entity, Parent company investment is shown in lieu of stockholders' equity in the combined financial statements. All significant intercompany balances and transactions between the legal entities that comprise Concentrix have been eliminated.

Management of the Company and Parent consider allocations of Parent costs to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense the Company would have incurred as a stand-alone company for the periods presented. Actual costs that may have been incurred if the Company had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and other strategic decisions.

Certain of SYNnex' subsidiaries, including certain Concentrix legal entities in the United States, jointly and severally guarantee certain of SYNnex' borrowing arrangements in the United States. All SYNnex subsidiaries, including Concentrix, have pledged their assets as security under the agreement. Historically, Concentrix received or provided funding for acquisitions or ongoing operations as part of SYNnex' centralized treasury program. Accordingly, only cash amounts specifically recorded in the separate Concentrix ledger are reflected in the combined balance sheets. The Company reflects transfers of the cash from the Parent's cash management system as loans or other accounts payable to the Parent or a reduction of accounts or loans receivable in the combined balance sheets based on the purpose for which the cash was provided by the Parent. Similarly, cash transfers to the Parent are reflected as reduction of loans or other accounts payable to the Parent or as loans receivable from the Parent. The cash payments and receipts are recorded in the combined statements of cash flows as operating or financing activities based on the nature of the transactions for which the funds were transferred between the Company and the Parent. The only third-party debt obligations included in these combined financial statements are those for which the legal obligor is a legal entity within the CX business and obtained funds directly from the third-party lender. Such third-party debt arrangements are currently expected to continue post-separation from SYNnex.

Operations of Concentrix are included in the consolidated U.S. federal, and certain state and local income tax returns filed by SYNnex, where applicable. Concentrix also files certain separate state, local and foreign tax returns. Income tax expense and other income tax related information contained in the combined financial statements are presented on a separate return basis, which requires us to estimate tax expense as if the Company filed a separate return apart from SYNnex. The income taxes of Concentrix as presented in the combined financial statements may not be indicative of the income taxes that Concentrix will incur in the future.

Within the financial statements and tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes. Additionally, \$56.8 million in other accrued liabilities and \$4.8 million in accrued compensation and benefits was reclassified to accounts payable at November 30, 2019 to conform to the August 31, 2020 presentation.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

For a discussion of the Company's significant accounting policies, refer to Note 2 of the Company's audited combined financial statements for the three-year period ended November 30, 2019 elsewhere in this information statement. As described more fully in Note 15, as of August 31, 2020, the impact of the COVID-19 pandemic on the Company's business going forward cannot be reliably predicted. As a result, many of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, these estimates may change in future periods. Accounting pronouncements adopted during the nine months ended August 31, 2020 are discussed below.

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of cash and cash equivalents, accounts receivable and derivative instruments.

The Company's cash and cash equivalents and derivative instruments are transacted and maintained with financial institutions with high credit standing, and their compositions and maturities are regularly monitored by management. Through August 31, 2020, the Company has not experienced any credit losses on such deposits and derivative instruments.

Accounts receivable comprise amounts due from clients. The Company performs ongoing credit evaluations of its clients' financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. The Company also maintains allowances for potential credit losses. In estimating the required allowances, the Company takes into consideration the overall quality and aging of its receivable portfolio and specifically identified client risks. Through August 31, 2020, such losses have been within management's expectations.

For the nine months ended August 31, 2020 and 2019, one client accounted for 11% and 10% of the Company's combined revenue, respectively. No other client accounted for over 10% of the Company's combined revenue for the nine months ended August 31, 2020 and 2019.

As of August 31, 2020 and November 30, 2019, one client comprised 14% and 10%, respectively, of the total accounts receivable balance.

Leases

The Company enters into leases as a lessee for property and equipment in the ordinary course of business. When procuring services, or upon entering into a contract with its customers and clients, the Company determines whether an arrangement contains a lease at its inception. As part of that evaluation the Company considers whether there is an implicitly or explicitly identified asset in the arrangement and whether the Company, as the lessee, or the client, if the Company is the lessor, has the right to control the use of that asset. Effective December 1, 2019, when the Company is the lessee, all leases with a term of more than 12 months are recognized as right-of-use (ROU) assets and associated lease liabilities in the combined balance sheet. Lease liabilities are measured at the lease commencement date and determined using the present value of the lease payments not yet paid, at the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow on a secured basis in the country where the lease was executed. The interest rate implicit in the lease is generally not determinable in the transactions where the Company is the lessee. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid rent and lease incentives. The Company's variable lease payments generally relate to payments tied to various indexes, non-lease components and payments above a contractual minimum fixed amount.

Operating leases are included in other assets, net, other accrued liabilities and other long-term liabilities in the combined balance sheet. Finance leases are included in the property and equipment, net, borrowings, current

and long-term borrowings in the combined balance sheet. Substantially all of the Company's leases are classified as operating leases. The lease includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company made a policy election to not recognize leases with a lease term of 12 months or less in the combined balance sheet. Lease expenses are recorded within selling, general, and administrative expenses in the combined statements of operations. Operating lease payments are presented within "Cash flows from operating activities" in the combined statements of cash flows.

For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components (e.g. maintenance services) and account for the combined unit as a single lease component. Variable lease payments are recognized in the period in which the obligation for those payments are incurred.

Accounting pronouncements adopted during the nine months ended August 31, 2020

In February 2018, the FASB issued guidance that permits the Company to reclassify disproportionate tax effects in accumulated other comprehensive income caused by the Tax Cuts and Jobs Act of 2017 to retained earnings. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The adoption of this new guidance did not have a material impact on the Company's combined financial statements.

In February 2016, the FASB issued a new standard which revises various aspects of accounting for leases, with amendments in 2018 and 2019 codified as Accounting Standards Codification Topic 842, Leases ("ASC Topic 842"). The Company adopted the guidance effective December 1, 2019, applying the optional transition method, which allows an entity to apply the new standard at the adoption date with a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. In addition, 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. The Company made a policy election to not recognize ROU assets and lease liabilities for short-term leases for all asset classes. The most significant impact of adoption to the Company's combined financial statements relates to the recognition of a right-of-use asset and a lease liability for virtually all of its leases other than short-term leases. The liability was equal to the present value of lease payments. The asset is based on the liability, and subject to adjustment, such as for initial direct costs. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification. For income statement purposes, operating leases will result in a straight-line expense while finance leases will result in a front-loaded expense pattern. Upon adoption, the Company recorded \$525,344 of ROU assets and of \$571,940 of liabilities relating to its operating leases on its combined balance sheet. The adoption did not have an impact on the Company's combined statements of operations or its combined statements of cash flows.

Recently issued accounting pronouncements

In March 2020, the Financial Accounting Standard Board (the "FASB") issued optional guidance for a limited time to ease the potential burden in accounting for or recognizing the effects of reference rate reform, particularly, the risk of cessation of the London Interbank Offered Rate ("LIBOR") on financial reporting. The guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments are elective and are effective upon issuance for all entities through December 31, 2022. The Company is currently evaluating the impact of the new guidance.

In December 2019, the FASB issued new guidance that simplifies the accounting for income taxes. The guidance is effective for annual reporting periods beginning after December 15, 2020, and interim periods within those reporting periods. Certain amendments should be applied prospectively, while other amendments should be applied retrospectively to all periods presented. The Company is currently evaluating the impact of the new guidance.

In August 2018, the FASB issued new guidance to add, remove, and clarify disclosure requirements related to defined benefit pension and other postretirement plans. The amendment requires the Company to disclose the weighted-average interest crediting rates used in cash balance pension plans. It also requires the Company to disclose the reasons for significant changes in the benefit obligation or plan assets including significant gains and losses affecting the benefit obligation for the period. This standard is effective for fiscal years ending after December 15, 2020, and early adoption is permitted. The adoption is not expected to have a material impact on the Company's combined financial statements.

In August 2018, the FASB issued guidance to improve the effectiveness of fair value measurement disclosures by removing or modifying certain disclosure requirements and adding other requirements. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. Certain amendments should be applied prospectively, while all other amendments should be applied retrospectively to all periods presented. The Company is currently evaluating the impact of the new guidance.

In June 2016, the FASB issued a new credit loss standard that replaces the incurred loss impairment methodology in current GAAP. The new impairment model requires immediate recognition of estimated credit losses expected to occur for most financial assets and certain other instruments. It is effective for annual reporting periods beginning after December 15, 2019 and interim periods within those annual periods. Early adoption for fiscal years beginning after December 15, 2018 is permitted. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first effective reporting period. The Company is currently evaluating the impact of the new guidance.

NOTE 3—ACQUISITIONS:

Fiscal 2018 acquisition

On October 5, 2018, SYNnex acquired 100% of Convergys Corporation ("Convergys"), an Ohio Corporation, a customer experience outsourcing company, for a purchase price of \$2,269,527, pursuant to a merger agreement dated June 28, 2018. The acquisition was related to the Concentrix business and added scale, diversified the revenue base, expanded the Company's service delivery footprint and strengthened the Company's leadership position as a top global provider of CX services.

The acquisition has been accounted for as a business combination. The purchase price was comprised of cash, Parent stock and Convergys stock awards assumed with an estimated fair value of \$70,221 on the closing date. Of the equity awards assumed, \$43,779 relating to the pre-combination service period was allocated to the purchase consideration, and the remainder of the estimated fair value and payments in excess of fair value are being expensed over the remaining service periods on a straight-line basis.

During the nine months ended August 31, 2019, the Company recorded measurement period adjustments of \$9,496 to goodwill. These adjustments comprised of a decrease of \$26,412 in tax liabilities and an increase of \$16,916 to the fair value of other acquired net tangible assets.

Acquisition-related and integration expenses related to the Convergys acquisition were \$2,847 and \$52,431 during the nine months ended August 31, 2020 and 2019. The following table presents the activity related to liability for restructuring charges related to the Convergys acquisition through August 31, 2020 and 2019:

<u>Restructuring costs</u>	<u>Severance and benefits</u>	<u>Facility and exit costs</u>	<u>Total</u>
Accrued balance as of November 30, 2018	\$ 11,138	\$ 6,606	\$ 17,744
Additional accrual during the period	5,357	5,236	10,593
Cash payments	(12,438)	(3,050)	(15,488)
Accrued balance as of August 31, 2019	\$ 4,057	\$ 8,792	\$ 12,849
Accrued balance as of November 30, 2019	\$ 2,828	\$ 14,164	\$ 16,992
Additional accrual (accrual release) during the period	(535)	451	(84)
Cash payments	(2,200)	(6,093)	(8,293)
Accrued balance as of August 31, 2020	<u>\$ 93</u>	<u>\$ 8,522</u>	<u>\$ 8,615</u>

NOTE 4—SHARE-BASED COMPENSATION:

Certain of the Company’s employees participate in a long-term incentive plan sponsored by SYNEX. The Company recognizes share-based compensation expense for all share-based awards made to employees, including employee stock options, restricted stock awards, restricted stock units, performance-based restricted stock units and employee stock purchases, based on estimated fair values.

The following table summarizes the number of share-based awards granted under the plan during the nine months ended August 31, 2020 and 2019, and the measurement date value of the awards:

	<u>Nine months ended August 31, 2020</u>		<u>Nine months ended August 31, 2019</u>	
	<u>Shares awarded</u>	<u>Fair value of grants</u>	<u>Shares awarded</u>	<u>Fair value of grants</u>
Restricted stock awards	7	\$ 538	1	\$ 50
Restricted stock units	1	76	113	10,760
Total	<u>8</u>	<u>\$ 614</u>	<u>114</u>	<u>\$ 10,810</u>

The Company recorded share-based compensation expense in the combined statements of operations for the nine months ended August 31, 2020 and 2019 as follows:

	<u>Nine Months Ended</u>	
	<u>August 31, 2020</u>	<u>August 31, 2019</u>
Total share-based compensation	\$ 12,031	\$ 6,480
Tax benefit recorded in the provision for income taxes	(3,008)	(1,620)
Effect on net income	<u>\$ 9,023</u>	<u>\$ 4,860</u>

Substantially all of the share-based compensation expense was recorded in “Selling, general and administrative expenses” in the combined statements of operations.

Share-based compensation expense related to the SYNEX employee stock purchase plan was immaterial for nine months ended August 31, 2020 and 2019.

NOTE 5—BALANCE SHEET COMPONENTS:

Cash, cash equivalents and restricted cash:

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the combined balance sheets that sum to the total of the same amounts shown in the combined statements of cash flows:

	As of	
	August 31, 2020	November 30, 2019
Cash and cash equivalents	\$ 93,341	\$ 79,656
Restricted cash included in other current assets	3,754	3,858
Cash, cash equivalents and restricted cash	<u>\$ 97,095</u>	<u>\$ 83,514</u>

Restricted cash balances relate primarily to restrictions placed by banks as collateral for the issuance of bank guarantees and the terms of a government grant.

	As of	
	August 31, 2020	November 30, 2019
Accounts receivable, net:		
Billed accounts receivable	\$567,808	\$ 536,450
Unbilled accounts receivable	380,080	400,687
Less: Allowance for doubtful accounts	(7,797)	(6,055)
Accounts receivable, net	<u>\$940,091</u>	<u>\$ 931,082</u>

Allowance for doubtful trade receivables:

Balance at November 30, 2018	\$ 1,000
Additions	5,547
Write-offs and reclassifications	(2,570)
Balance at August 31, 2019	3,977
Balance at November 30, 2019	6,055
Additions	5,477
Write-offs and reclassifications	(3,735)
Balance at August 31, 2020	<u>\$ 7,797</u>

	As of	
	August 31, 2020	November 30, 2019
Property and equipment, net:		
Land	\$ 28,998	\$ 28,873
Equipment, computers and software	445,053	379,091
Furniture and fixtures	87,415	83,247
Buildings, building improvements and leasehold improvements	314,783	280,379
Construction-in-progress	5,698	9,943
Total property and equipment, gross	\$ 881,947	\$ 781,533
Less: Accumulated depreciation	(458,509)	(370,068)
Property and equipment, net	<u>\$ 423,438</u>	<u>\$ 411,465</u>

Shown below are countries where 10% or more of the Company's property and equipment, net are located:

	As of	
	August 31, 2020	November 30, 2019
Property and equipment, net:		
United States	\$ 152,162	\$ 162,955
Philippines	69,315	63,421
India	44,777	39,000
Others	157,184	146,089
Total	<u>\$ 423,438</u>	<u>\$ 411,465</u>
	Nine Months Ended August 31, 2020	Nine Months Ended August 31, 2019
Goodwill:		
Balance, beginning of period	\$ 1,829,328	\$ 1,775,541
Additions/adjustments from Convergys acquisition	—	9,496
Foreign exchange translation	6,198	3,429
Balance, end of period	<u>\$ 1,835,526</u>	<u>\$ 1,788,466</u>

	As of August 31, 2020			As of November 30, 2019		
	Gross amounts	Accumulated amortization	Net amounts	Gross amounts	Accumulated amortization	Net amounts
Intangible assets, net:						
Customer relationships	\$ 1,388,350	\$ (557,202)	\$ 831,148	\$ 1,368,966	\$ (441,866)	\$ 927,100
Technology	14,831	(10,523)	4,308	14,720	(8,998)	5,722
Trade names	6,156	(5,836)	320	6,662	(5,361)	1,301
	<u>\$ 1,409,337</u>	<u>\$ (573,561)</u>	<u>\$ 835,776</u>	<u>\$ 1,390,348</u>	<u>\$ (456,225)</u>	<u>\$ 934,123</u>

Estimated future amortization expense of the Company's intangible assets is as follows:

Fiscal years ending November 30,	
2020 (remaining three months)	\$ 37,264
2021	136,822
2022	116,481
2023	102,163
2024	84,515
Thereafter	358,531
Total	<u>\$ 835,776</u>

Accumulated other comprehensive income (loss):

The components of accumulated other comprehensive income (loss) (“AOCI”), net of taxes, were as follows:

	Unrecognized gains (losses) on defined benefit plan, net of taxes	Unrealized gains (losses) on cash flow hedges, net of taxes	Foreign currency translation adjustment and other, net of taxes	Total
Balance, November 30, 2018	\$ (3,442)	\$ 19,442	\$ (55,199)	\$ (39,199)
Other comprehensive income (loss) before reclassification	351	6,218	(16,970)	(10,401)
Reclassification of (gains) losses from other comprehensive income (loss)	—	(12,832)	—	(12,832)
Balance, August 31, 2019	\$ (3,091)	\$ 12,828	\$ (72,169)	\$ (62,432)
Balance, November 30, 2019	\$ (29,940)	\$ 17,523	\$ (37,665)	\$ (50,082)
Other comprehensive income (loss) before reclassification	(8,879)	26,860	35,893	53,874
Reclassification of (gains) losses from other comprehensive income (loss)	—	(14,354)	—	(14,354)
Balance, August 31, 2020	<u>\$ (38,819)</u>	<u>\$ 30,029</u>	<u>\$ (1,772)</u>	<u>\$ (10,562)</u>

Refer to Note 6 for the location of gains and losses on cash flow hedges reclassified from other comprehensive income (loss) to the combined statements of operations. Reclassifications of amortization of actuarial (gains) losses of defined benefits plans is recorded in “Other income (expense), net” in the combined statement of operations.

Foreign currency translation adjustment and other, net of taxes, is comprised of foreign currency translation adjustment and unrealized gains and losses on available-for-sale debt securities. Substantially, all of the balance at August 31, 2020 and November 30, 2019 represents foreign currency translation adjustment.

NOTE 6—DERIVATIVE INSTRUMENTS:

In the ordinary course of business, the Company is exposed to foreign currency risk and credit risk. The Company enters into transactions, and owns monetary assets and liabilities, that are denominated in currencies other than the legal entity’s functional currency. The Company may enter into forward contracts, option contracts, or other derivative instruments to offset a portion of the risk on expected future cash flows, earnings, net investments in certain non-U.S. legal entities and certain existing assets and liabilities. However, the Company may choose not to hedge certain exposures for a variety of reasons including, but not limited to, accounting considerations and the prohibitive economic cost of hedging particular exposures. There can be no assurance the hedges will offset more than a portion of the financial impact resulting from movements in foreign currency exchange or interest rates. Generally, the Company does not use derivative instruments to cover equity risk and credit risk. The Company’s hedging program is not used for trading or speculative purposes.

All derivatives are recognized on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded in the combined statements of operations, or as a component of AOCI in the combined balance sheets, as discussed below.

Cash Flow Hedges

To protect gross margins from fluctuations in foreign currency exchange rates, certain of the Company’s legal entities with functional currencies that are not in U.S. dollars may hedge a portion of forecasted revenue or

costs not denominated in the entities' functional currencies. These instruments mature at various dates through August 2022. Gains and losses on cash flow hedges are recorded in AOCI until the hedged item is recognized in earnings. Deferred gains and losses associated with cash flow hedges of foreign currency revenue are recognized as a component of "Revenue" in the same period as the related revenue is recognized, and deferred gains and losses related to cash flow hedges of costs are recognized as a component of "Cost of revenue" and/or "Selling, general and administrative expenses" in the same period as the related costs are recognized. Derivative instruments designated as cash flow hedges must be de-designated as hedges when it is probable the forecasted hedged transaction will not occur in the initially identified time period or within a subsequent two-month time period. Deferred gains and losses in AOCI associated with such derivative instruments are reclassified into earnings in the period of de-designation. Any subsequent changes in fair value of such derivative instruments are recorded in earnings unless they are re-designated as hedges of other transactions.

Non-Designated Derivatives

The Company uses short-term forward contracts to offset the foreign exchange risk of assets and liabilities denominated in currencies other than the functional currency of the respective entities. These contracts, which are not designated as hedging instruments, mature or settle within twelve months. Derivatives that are not designated as hedging instruments are adjusted to fair value through earnings in the financial statement line item to which the derivative relates.

Fair Values of Derivative Instruments in the Combined Balance Sheets

The fair values of the Company's derivative instruments are disclosed in Note 7—Fair Value Measurements and summarized in the table below:

Balance Sheet Line Item	Value as of	
	August 31, 2020	November 30, 2019
Derivative instruments not designated as hedging instruments:		
Foreign exchange forward contracts (notional value)	\$ 1,149,608	\$ 907,621
Other current assets	26,690	8,667
Other accrued liabilities	11,349	2,105
Derivative instruments designated as cash flow hedges:		
Foreign exchange forward contracts (notional value)	\$ 814,879	\$ 563,654
Other current assets and other assets	38,288	14,523
Other accrued liabilities and other long-term liabilities	740	1,633

Volume of activity

The notional amounts of foreign exchange forward contracts represent the gross amounts of foreign currency, including, principally, the Philippine Peso, the Indian Rupee, the Euro, the British Pound and the Canadian Dollar that will be bought or sold at maturity. The notional amounts for outstanding derivative instruments provide one measure of the transaction volume outstanding and do not represent the amount of the Company's exposure to credit or market loss. The Company's exposure to credit loss and market risk will vary over time as currency rates change.

The Effect of Derivative Instruments on AOCI and the Combined Statements of Operations

The following table shows the gains and losses, before taxes, of the Company's derivative instruments designated as cash flow hedges and not designated as hedging instruments in other comprehensive income ("OCI"), and the combined statements of operations for the periods presented:

	Location of gain (loss) in income	For the nine months ended	
		August 31, 2020	August 31, 2019
Revenue		\$ 3,418,676	\$ 3,495,076
Cost of revenue		2,215,783	2,205,059
Selling, general and administrative expenses		(1,014,339)	(1,097,139)
Other income (expense), net		4,283	2,681
Derivative instruments designated as cash flow hedges:			
<u>Gains (losses) recognized in OCI:</u>			
Foreign exchange forward contracts		\$ 35,795	\$ 8,304
<u>Gains (losses) reclassified from AOCI into income:</u>			
Foreign exchange forward contracts			
Loss (gain) reclassified from AOCI into income	Revenue for services	\$ —	\$ 89
Gain (loss) reclassified from AOCI into income	Cost of revenue for services	13,322	12,034
Gain (loss) reclassified from AOCI into income	Selling, general and administrative expenses	5,806	5,041
Gain (loss) reclassified from AOCI into income	Other income (expense), net	—	10
Total		\$ 19,128	\$ 17,174
Derivative instruments not designated as hedging instruments:			
Gain (loss) recognized from foreign exchange forward contracts, net ⁽¹⁾	Cost of revenue for services and Selling, general and administrative expenses	\$ —	\$ —
Gains (losses) recognized from foreign exchange forward contracts, net ⁽¹⁾	Other income (expense), net	26,963	9,626
Total		\$ 26,963	\$ 9,626

(1) The gains and losses largely offset the currency gains and losses that resulted from changes in the assets and liabilities denominated in nonfunctional currencies.

There were no material gain or loss amounts excluded from the assessment of effectiveness. Existing net gains in AOCI that are expected to be reclassified into earnings in the normal course of business within the next twelve months are \$31,915.

Offsetting of Derivatives

In the combined balance sheets, the Company does not offset derivative assets against liabilities in master netting arrangements. If derivative exposures covered by a qualifying master netting agreement had been netted in the combined balance sheets, the total derivative asset and liability positions would have been reduced by \$11,230 as of August 31, 2020 and \$3,731 each as of November 30, 2019.

Credit exposure for derivative financial instruments is limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the Company's obligations to the counterparties. The Company manages the potential risk of credit losses through careful evaluation of counterparty credit standing and selection of counterparties from a limited group of financial institutions.

NOTE 7—FAIR VALUE MEASUREMENTS:

The Company's fair value measurements are classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following table summarizes the valuation of the Company's investments and financial instruments that are measured at fair value on a recurring basis:

	As of August 31, 2020				As of November 30, 2019			
	Total	Fair value measurement category			Total	Fair value measurement category		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets:								
Cash equivalents	\$41,031	\$41,031	\$ —	\$ —	\$26,041	\$26,041	\$ —	\$ —
Foreign government bond	1,378	1,378	—	—	1,228	1,228	—	—
Forward foreign currency exchange contracts	64,978	—	64,978	—	23,190	—	23,190	—
Liabilities:								
Forward foreign currency exchange contracts	\$12,089	\$ —	\$12,089	\$ —	\$ 3,738	\$ —	\$ 3,738	\$ —

The Company's cash equivalents consist primarily of highly liquid investments in money market funds and term deposits with maturity periods of three months or less. The carrying values of cash equivalents approximate fair value since they are near their maturity. Investment in foreign government bond classified as available-for-sale debt security is recorded at fair value based on quoted market prices. The fair values of forward exchange contracts are measured based on the foreign currency spot and forward rates quoted by the banks or foreign currency dealers. Fair values of long-term foreign currency exchange contracts are measured using valuations based upon quoted prices for similar assets and liabilities in active markets and are valued by reference to similar financial instruments, adjusted for terms specific to the contracts. The effect of nonperformance risk on the fair value of derivative instruments was not material as of August 31, 2020 and November 30, 2019.

In connection with the Convergys acquisition, the CX business, assumed Convergys' 5.75% Junior Subordinated Convertible Debentures due September 2029 ("Convertible Debentures") and recorded the principal amount and conversion spread at fair value. See Note 8—Borrowings. The fair value of the Convertible Debentures conversion option was based on a probabilistic analysis using the Monte Carlo simulation approach. The model considered simulated movements in the SYNEX stock price until the conversion date using estimated stock volatility of 35%, a risk free rate of 2.7%, discount and dividend yields of 4.6% and \$0.35 per share each quarter, respectively, over the period until September 2019, when SYNEX would become entitled to redeem the debentures. From the acquisition date until November 30, 2018, the fair value of the conversion

spread decreased by \$4,085. During fiscal year 2019, the CX business settled all the outstanding convertible debentures and recorded a loss of \$1,559 upon settlement in other income (expense), net.

The carrying values of term deposits with maturities less than one year, accounts receivable and accounts payable approximate fair value due to their short maturities and interest rates which are variable in nature. Long-term non-marketable equity securities consist primarily of investments in equity securities of private entities. The fair value of non-marketable equity investments is based on an internal valuation of the investees based on the best available information at the measurement date. It is not practicable to determine the fair value of the Company's loans payable to and receivable from the Parent as these cash transfers are part of the centralized treasury program of SYNEX as described in Note 1.

During the nine months ended August 31, 2020 and 2019, there were no transfers between the fair value measurement category levels.

NOTE 8—BORROWINGS:

SYNEX United States credit agreement

In the United States, SYNEX has a senior secured credit agreement (as amended, the "U.S. Credit Agreement") with a group of financial institutions. The U.S. Credit Agreement includes a \$600,000 commitment for a revolving credit facility and a term loan in the original principal amount of \$1,200,000. SYNEX may request incremental commitments to increase the principal amount of the revolving line of credit or term loan by \$500,000, plus an additional amount which is dependent upon SYNEX' pro forma first lien leverage ratio, as calculated under the U.S. Credit Agreement.

Certain of SYNEX' subsidiaries in the United States, including Concentrix entities in the United States, jointly and severally guarantee SYNEX' term loan under SYNEX' U.S. Credit Agreement. SYNEX' obligations under the U.S. Credit Agreement are secured by substantially all of SYNEX and certain of its domestic subsidiaries' including Concentrix United States entities', assets on a pari passu basis with the interests of the lenders under the U.S. Term Loan Credit Agreement pursuant to an intercreditor agreement.

The U.S. Credit Agreement matures in September 2022. The outstanding principal amount of the term loan is repayable in quarterly installments of \$15,000, with the unpaid balance due in full on the September 2022 maturity date. The term loan can be repaid at any time prior to the maturity date without penalty. Interest on borrowings under the U.S. Credit Agreement can be based on London Interbank Offered Rate ("LIBOR") or a base rate at the Company's option, plus a margin. The margin for LIBOR loans ranges from 1.25% to 2.00% and the margin for base rate loans ranges from 0.25% to 1.00%, provided that LIBOR shall not be less than zero. The base rate is a variable rate which is the highest of (a) the Federal Funds Rate, plus a margin of 0.5%, (b) the rate of interest announced, from time to time, by the agent, Bank of America, N.A., as its "prime rate," and (c) the Eurodollar Rate, plus 1.0%. The unused revolving credit facility commitment fee ranges from 0.175% to 0.30% per annum. The margins above the applicable interest rates and the revolving commitment fee for revolving loans are based on SYNEX' consolidated leverage ratio, as calculated under the U.S. Credit Agreement.

SYNEX United States term loan credit agreement

In order to fund the Convergys acquisition (See Note 3), the related refinancing or settlement of Convergys' debt and payment of related fees and expenses, SYNEX entered into a secured term loan credit agreement on August 9, 2018 (the "U.S. Term Loan Credit Agreement") with a group of financial institutions, which provided for the extension of one or more term loans in an aggregate principal amount not to exceed \$1,800,000. Until November 30, 2018, SYNEX had drawn \$1,550,000 of term loans. During fiscal year 2019, SYNEX borrowed the remaining available amount of \$250,000 under the facility to settle part of Convergys' outstanding Convertible Debentures.

Certain of SYNnex's subsidiaries in the United States, including Concentrix entities in the United States, jointly and severally guarantee SYNnex's term loan under SYNnex's U.S. senior secured credit agreement. SYNnex's obligations under the U.S. Term Loan Credit Agreement are secured by substantially all of SYNnex and certain of its domestic subsidiaries' including Concentrix United States entities', assets on a pari passu basis with the interests of the lenders under the existing U.S. Credit Agreement pursuant to an intercreditor agreement.

The U.S. Term Loan Credit Agreement matures in October 2023. The outstanding principal amount of the term loans is payable in quarterly installments of \$22,500, with the unpaid balance due in full on the maturity date. The term loan can be repaid at any time prior to the expiration date without penalty. Interest on borrowings under the U.S. Term Loan Credit Agreement can be based on LIBOR or a base rate at SYNnex's option, plus a margin. The margin for LIBOR loans ranges from 1.25% to 1.75% and the margin for base rate loans ranges from 0.25% to 0.75%, provided that LIBOR shall not be less than zero. The base rate is a variable rate which is the highest of (a) 0.5% plus the greater of (x) the Federal Funds Rate in effect on such day and (y) the overnight bank funding rate in effect on such day, (b) the Eurodollar Rate plus 1.0% per annum, and (c) the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. During the period in which the term loans were available to be drawn, SYNnex paid term loan commitment fees. The margins above SYNnex's applicable interest rates are, and the term loan commitment fee were, based on SYNnex's consolidated leverage ratio as calculated under the U.S. Term Loan Credit Agreement.

Future principal payment

As of August 31, 2020 and November 30, 2019, the balance payable by SYNnex under the U.S. Credit Agreement was \$1,035,000 and \$1,105,800, respectively. As of August 31, 2020 and November 30, 2019, the balance payable by SYNnex under the U.S. Term Loan Credit Agreement was \$1,665,000 and \$1,732,500, respectively. The amounts guaranteed by Concentrix under the U.S. Credit Agreement and U.S. Term Loan Credit Agreement are recorded in the combined financial statements of the Company to the extent drawn from the Parent, net of repayments to the Parent. Refer to Note 10 for further details of terms of these borrowings recorded by the Company in the combined balance sheets.

Covenant compliance

The U.S. Credit Agreement and the U.S. Term Loan Credit Agreement have a number of covenants and restrictions that, among other things, require SYNnex to maintain specified financial ratios and satisfy certain financial condition tests. The covenants also limit SYNnex's ability to incur additional debt, make or forgive intercompany loans, pay dividends and make other types of distributions, make certain acquisitions, repurchase SYNnex's stock, create liens, cancel debt owed to SYNnex, enter into agreements with affiliates, modify the nature of the SYNnex business, enter into sale-leaseback transactions, make certain investments, transfer and sell assets, cancel or terminate any material contracts and merge or consolidate. As of August 31, 2020, SYNnex was in compliance with all material covenants for the above arrangements.

Concentrix India revolving lines of credit facilities

The CX business legal entities in India have credit facilities with a financial institution to borrow up to an aggregate amount of \$22,000. The interest rate under these facilities is the higher of the bank's minimum lending rate or LIBOR, plus a margin of 0.9% per annum. SYNnex guarantees the obligations under these credit facilities. These credit facilities can be terminated at any time by the Indian legal entities or the financial institution. There were no borrowings outstanding under these credit facilities as of August 31, 2020 and November 30, 2019.

Convertible Debentures and other borrowings related to the Convergys acquisition

In connection with the Convergys acquisition, the CX business became the obligor under Convergys' \$124,963 aggregate principal amount of 5.75% Junior Subordinated Convertible Debentures due September

2029. Through November 30, 2018, \$55,681 of the principal amount of Convertible Debentures had been settled for \$118,425 in cash under the fundamental change provision. During the nine months ended August 31, 2019, the remaining \$69,282 of the principal amount was settled in cash for \$148,047.

Interest expense and finance charges

The total interest expense and finance charges for external borrowings of Concentrix was zero for the nine months ended August 31, 2020 and 2019, respectively. There was no interest expense payable to third-party lenders as of August 31, 2020.

NOTE 9—REVENUE:

Disaggregated revenue

In the following table, the Company’s revenue is disaggregated by primary industry verticals:

	Nine Months Ended	
	August 31, 2020	August 31, 2019
Industry vertical:		
Technology and consumer electronics	\$ 1,012,275	\$ 939,384
Communications and media	714,966	869,134
Retail, travel and ecommerce	558,412	564,516
Banking, financial services and insurance	526,948	498,884
Healthcare	274,128	268,028
Other	331,947	355,130
Total	<u>\$ 3,418,676</u>	<u>\$ 3,495,076</u>

Deferred revenue contract liabilities and deferred costs to obtain or fulfill a contract are not material.

NOTE 10—RELATED PARTY TRANSACTIONS:

The Company provides certain services related to its core business to the Parent which are reported as Revenue from customer experience services to Parent in the combined statements of operations. The cost associated with such services is reported as cost of revenue related to services to Parent in the combined statements of operations. The Company also purchases certain products from the Parent, receives allocations of corporate expenses by way of a monthly management fee, records compensation expense for share-based awards granted by the Parent to Concentrix employees and receives financing for acquisition and operations under the terms of intra SYNnex group borrowing arrangements.

The following table presents the Company’s transactions with the Parent for the periods indicated:

	Nine Months Ended	
	August 31, 2020	August 31, 2019
Revenue from customer experience services to Parent	\$ 15,371	\$ 14,801
Purchases from Parent and its non-Concentrix subsidiaries	—	4
Interest expense on borrowings from Parent	41,513	75,088
Interest income on borrowings made to Parent	1,705	1,616
Corporate allocations	1,181	1,181
Share-based compensation	12,031	6,480

The majority of the loans payable to and receivable from Parent as reported on the combined balance sheets are lines of credits and are auto renewed after expiration of the original terms. The interest rates on these loans range from approximately 1% to 9%.

As of August 31, 2020 and November 30, 2019, the receivable from and payable to Parent and its non-Concentrix subsidiaries are primarily trade in nature.

SYNNEX has issued guarantees to certain of the Company's clients to guarantee the performance obligations of the certain of the Company's legal entities. If these entities are unable to meet their performance obligations under the terms of client contracts, the Parent would be obligated under these guarantees to pay damages. The Parent guarantee will be replaced by Concentrix guarantees upon separation.

As disclosed in Note 8, certain of SYNNEX' subsidiaries, including certain Concentrix legal entities in the United States, jointly and severally guarantee certain of SYNNEX' borrowing arrangements. All SYNNEX subsidiaries in the United States, including Concentrix legal entities, have pledged their assets as security under the terms of these agreements.

Concentrix' U.S. subsidiaries are part of SYNNEX' U.S. consolidated group for U.S. tax purposes and will be in a tax-sharing arrangement with SYNNEX until Concentrix is deemed to leave SYNNEX' U.S. consolidated group as a result of Concentrix' spin-off from SYNNEX.

NOTE 11—PENSION AND EMPLOYEE BENEFITS PLANS:

The Company has 401(k) plans in the United States under which eligible employees may contribute up to the maximum amount as provided by law. Employees become eligible to participate in these plans on the first day of the month after their employment date. The Company may make discretionary contributions under the plans. Employees in most of the Company's non-U.S. legal entities are covered by government mandated defined contribution plans. During the nine months ended August 31, 2020 and 2019, the Company contributed \$48,365 and \$45,545 respectively, to defined contribution plans.

Defined Benefit Plans

The Company has defined benefit pension or retirement plans for eligible employees in certain non-U.S. legal entities. Benefits under these plans are primarily based on years of service and compensation during the years immediately preceding retirement or termination of participation in the plans. In addition, as part of the Convergys acquisition, the Company acquired a frozen defined benefit pension plan, which includes both a qualified and non-qualified portion, for all eligible employees in the U.S. ("the cash balance plan") and unfunded defined benefit plans for certain eligible employees in the Philippines, Malaysia and France. The pension benefit formula for the cash balance plan is determined by a combination of compensation, age-based credits and annual guaranteed interest credits. The qualified portion of the cash balance plan has been funded through contributions made to a trust fund. The plan assumptions are evaluated annually and are updated as deemed necessary.

Net benefit costs related to defined benefit plans were \$9,816 and \$7,983, during the nine months ended August 31, 2020 and 2019, respectively. On an aggregate basis the plans were underfunded by \$134,376 and \$115,383 at August 31, 2020 and November 30, 2019, respectively.

NOTE 12— LEASES:

The Company leases certain of its facilities and equipment under operating lease agreements, which expire in various periods through 2034. The Company's finance leases are not material.

The following table presents the various components of lease costs.

For the nine months ended August 31, 2020	
Operating lease cost	\$165,884
Short-term lease cost	7,891
Variable lease cost	28,965
Sublease income	(186)
Total operating lease cost	<u>\$202,554</u>

The following table presents a maturity analysis of expected undiscounted cash flows for operating leases on an annual basis for the next five years and thereafter as of August 31, 2020:

Fiscal Years Ending November 30,	
2020 (remaining three months)	\$ 50,559
2021	180,246
2022	141,856
2023	100,754
2024	69,889
Thereafter	69,271
Total payments	612,575
Less: imputed interest*	(84,488)
Total present value of lease payments	<u>528,087</u>

*Imputed interest represents the difference between undiscounted cash flows and discounted cash flows.

During the nine months ended August 31, 2019, rent expense was \$162,094. Sublease income was immaterial during this same period.

The following amounts were recorded in the combined balance sheet as of August 31, 2020:

Operating leases	Balance sheet location	As of August 31, 2020
Operating lease ROU assets	Other assets, net	\$ 479,547
Current operating lease liabilities	Other accrued liabilities	156,923
Non-current operating lease liabilities	Other long-term liabilities	371,164

The following table presents supplemental cash flow information related to the Company's operating leases. Cash payments related to variable lease costs and short-term leases are not included in the measurement of operating lease liabilities, and, as such, are excluded from the amounts below:

Cash flow information	August 31, 2020
Cash paid for amounts included in the measurement of lease liabilities	\$ 152,094
Non-cash ROU assets obtained in exchange for lease liabilities (subsequent to initial adoption)	66,664

The weighted-average remaining lease term and discount rate as of August 31, 2020 were as follows:

Operating lease term and discount rate	Operating leases
Weighted-average remaining lease term (years)	4.09
Weighted-average discount rate	7.34%

Future minimum contractually required cash payment obligations under non-cancellable lease agreements as of November 30, 2019 were as follows:

Fiscal Years Ending November 30,	Operating leases
2020	\$ 191,384
2021	157,076
2022	119,022
2023	86,700
2024	59,101
Thereafter	62,663
Total minimum lease payments	\$ 675,946

NOTE 13—INCOME TAXES:

Income taxes consist of current and deferred tax expense resulting from income earned in domestic and international jurisdictions. Although Concentrix has been included in the consolidated tax returns of SYNEX in certain jurisdictions, the tax provision included herein has been recorded as if Concentrix had filed taxes on a stand-alone basis. Income tax expense was increased for the nine months ended August 31, 2020 and the nine months ended August 31, 2019 by an adjustment of \$9.6 million and \$10.5 million, respectively, to reflect the hypothetical tax impact if Concentrix was not part of SYNEX' U.S. consolidated group and therefore incurred higher taxes under the Tax Cuts and Jobs Act of 2017 (the "TCJA") and a higher U.S. foreign tax credit limitation. The offset to the hypothetical tax expense in both periods is reflected in the Parent company investment line of the Equity section of the combined balance sheet.

Income tax expense increased during the nine months ended August 31, 2020 compared to the nine months ended August 31, 2019 due to the increase in income before taxes for the nine months ended August 31, 2020 and due to a reduction in reserves for uncertain tax positions and a downward adjustment to the provision for the transition tax related to mandatory repatriation under the TCJA for the nine months ended August 31, 2019. The effective tax rate for nine months ended August 31, 2020 increased compared to the effective tax rate for the nine months ended August 31, 2019 due to increased tax expense recorded in the nine months ended August 31, 2019 resulting from the shift in geographic mix of worldwide income offset by a reduction in reserves for uncertain tax positions and a downward adjustment to the provision for the transition tax related to mandatory repatriation under the TCJA during the nine months ended August 31, 2019.

The liability for unrecognized tax benefits was \$66.0 million and \$61.7 million at August 31, 2020 and November 30, 2019, respectively, and is included in other long-term liabilities in the accompanying combined balance sheets. As of August 31, 2020, the total amount of unrecognized tax benefits that would affect income tax expense if recognized in the combined financial statements is \$58.5 million. This amount includes net interest and penalties of \$13.4 million. It is reasonably possible that the total amount of unrecognized tax benefits will decrease between approximately \$13.1 million and \$20.4 million in the next twelve months; however, actual developments in this area could differ from those currently expected.

NOTE 14—COMMITMENTS AND CONTINGENCIES:

From time to time, the Company receives notices from third parties, including customers and suppliers, seeking indemnification, payment of money or other actions in connection with claims made against them. Also, from time to time, the Company has been involved in various bankruptcy preference actions where the Company was a supplier to the companies now in bankruptcy. In addition, the Company is subject to various other claims, both asserted and unasserted, that arise in the ordinary course of business. The Company evaluates these claims and records the related liabilities. It is possible that the ultimate liabilities could differ from the amounts recorded.

The Company does not believe that the above commitments and contingencies will have a material adverse effect on the Company's results of operations, financial position or cash flows.

NOTE 15—RISKS AND UNCERTAINTIES RELATED TO THE COVID-19 PANDEMIC:

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and labor force participation, and created significant volatility and disruption of financial markets. "Shelter-in-place" restrictions by various governments around the world negatively impacted the Company's results of operations for the nine months ended August 31, 2020, and was most acute during the second quarter of fiscal year 2020, as many of the Company's employees were unable to work productively during the period despite client demand. The Company also incurred incremental costs associated with allowances for doubtful accounts and higher salaries and employee related expenses. The Company successfully transitioned a significant portion of its workforce to a remote working environment throughout the second quarter of 2020 and implemented a number of safety and social distancing measures in its sites to protect the health and safety of employees. As of August 31, 2020, the majority of the Company's workforce was productive.

The Company is unable to predict how long the pandemic conditions will persist, what additional measures may be introduced by governments or the Company's clients and the effect of any such additional measures on the Company's business. As a result, many of the estimates and assumptions used in preparation of these interim financial statements required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve with respect to the pandemic, the Company's estimates may materially change in future periods.

CONCENTRIX
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
For the Nine Months Ended August 31, 2020 and 2019
(in thousands)
(Amounts may not add due to rounding)

	<u>Balances at Beginning of the Period</u>	<u>Additions/Deductions Charged to Revenue and Expense, net</u>	<u>Additions from Acquisitions</u>	<u>Reclassifications and Write-offs</u>	<u>Balances at End of the Period</u>
Nine Months Ended August 31, 2020					
Allowance for deferred tax assets	\$ 44,892	\$ 5,999	\$ —	\$ —	\$ 50,891
Nine Months Ended August 31, 2019					
Allowance for deferred tax assets	\$ 56,033	\$ 210	\$ —	\$ (10,038)	\$ 46,205

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CONVERGYS CORPORATION

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Convergys Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Convergys Corporation (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and the Company's financial statement schedule II – valuation and qualifying accounts (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

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 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. 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/ Ernst & Young LLP

We served as the Company's auditor from 2001 to 2018.

Cincinnati, Ohio
February 21, 2018

CONVERGYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(Amounts in millions except per share amounts)	Year Ended December 31,		
	2017	2016	2015
Revenues	\$ 2,792.1	\$ 2,913.6	\$ 2,950.6
Costs and Expenses:			
Cost of providing services and products sold(1)	1,734.9	1,843.1	1,871.9
Selling, general and administrative	699.0	695.4	687.0
Depreciation	105.1	122.2	141.5
Amortization	28.9	28.1	27.0
Restructuring charges	23.2	3.7	7.2
Transaction and integration costs	3.8	6.5	11.3
Total costs and expenses	<u>2,594.9</u>	<u>2,699.0</u>	<u>2,745.9</u>
Operating Income	197.2	214.6	204.7
Other income (expense), net	0.9	(10.6)	(9.5)
Interest expense	(18.3)	(18.1)	(18.2)
Income before Income Taxes	179.8	185.9	177.0
Income tax expense	58.4	52.9	8.6
Income from Continuing Operations, net of tax	121.4	133.0	168.4
Income from Discontinued Operations, net of tax	—	10.0	0.6
Net Income	\$ 121.4	\$ 143.0	\$ 169.0
Basic Earnings per Common Share:			
Continuing Operations	\$ 1.30	\$ 1.39	\$ 1.72
Discontinued Operations	—	0.10	0.01
Basic Earnings per Common Share	<u>\$ 1.30</u>	<u>\$ 1.49</u>	<u>\$ 1.73</u>
Diluted Earnings per Common Share:			
Continuing Operations	\$ 1.22	\$ 1.30	\$ 1.60
Discontinued Operations	—	0.10	0.01
Diluted Earnings per Common Share	<u>\$ 1.22</u>	<u>\$ 1.40</u>	<u>\$ 1.61</u>
Weighted Average Common Shares Outstanding:			
Basic	93.2	95.8	98.1
Diluted	99.9	102.5	104.7
Cash dividends declared per share	\$ 0.39	\$ 0.35	\$ 0.31

(1) Exclusive of depreciation and amortization, with the exception of amortization of deferred charges.

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONVERGYS CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)	Year Ended December 31,		
	2017	2016	2015
Net income	\$121.4	\$143.0	\$169.0
Other Comprehensive Income (Loss), net of tax:			
Foreign currency translation adjustments	21.2	(18.4)	(37.1)
Change related to pension liability (net of tax benefit (expense) of \$2.3, \$(3.5) and \$(3.2))	(9.9)	5.8	9.8
Unrealized gain (loss) on hedging activities (net of reclassification adjustments and net of tax (expense) benefit of \$(19.3), \$(0.4) and \$4.9)	35.9	0.6	(7.8)
Total other comprehensive income (loss)	47.2	(12.0)	(35.1)
Total Comprehensive Income	\$168.6	\$131.0	\$133.9

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONVERGYS CORPORATION
CONSOLIDATED BALANCE SHEETS

(Amounts in millions)	At December 31,	
	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 193.7	\$ 138.8
Short-term investments	13.5	12.4
Receivables, net of allowances of \$4.8 and \$5.8	567.2	555.0
Prepaid expenses	35.9	38.6
Other current assets	47.4	40.0
Total current assets	857.7	784.8
Property and equipment, net	260.0	304.1
Goodwill	937.9	916.9
Other intangibles, net	287.3	307.6
Deferred income tax assets	21.3	17.7
Other assets	50.5	40.7
Total Assets	<u>\$2,414.7</u>	<u>\$ 2,371.8</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Debt and capital lease obligations maturing within one year	\$ 0.9	\$ 1.8
Payables and other current liabilities	322.1	345.8
Total current liabilities	323.0	347.6
Long-term debt and capital lease obligations	267.7	297.0
Deferred income tax liabilities	222.6	197.8
Accrued pension liabilities	94.7	80.3
Other long-term liabilities	69.5	71.9
Total liabilities	977.5	994.6
Convertible debentures conversion feature	59.5	61.3
Shareholders' Equity:		
Preferred shares—without par value, 5.0 authorized; none issued or outstanding	—	—
Common shares—without par value, 500.0 authorized; 92.5 and 191.0 issued, 91.8 and 94.7 outstanding, as of December 31, 2017 and December 31, 2016, respectively	2.5	1,110.0
Treasury stock—0.6 shares in 2017 and 96.3 in 2016	(16.0)	(1,635.3)
Retained earnings	1,457.8	1,955.0
Accumulated other comprehensive loss	(66.6)	(113.8)
Total shareholders' equity	<u>1,377.7</u>	<u>1,315.9</u>
Total Liabilities and Shareholders' Equity	<u>\$2,414.7</u>	<u>\$ 2,371.8</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONVERGYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in millions)	Year Ended December 31,		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 121.4	\$ 143.0	\$ 169.0
Income from discontinued operations, net of tax	—	10.0	0.6
Income from continuing operations, net of tax	<u>121.4</u>	<u>133.0</u>	<u>168.4</u>
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	134.0	150.3	168.5
Deferred income tax expense	2.6	9.9	4.6
Stock compensation expense	16.6	17.4	15.7
Changes in assets and liabilities, net of acquisitions:			
Change in receivables	(18.7)	18.3	(34.6)
Change in other current assets	6.5	(5.0)	(9.9)
Change in deferred charges, net	(0.1)	1.2	1.8
Change in other assets and liabilities	5.2	(14.3)	(35.2)
Change in payables and other current liabilities	(4.5)	(5.4)	(30.0)
Net cash provided by operating activities	<u>263.0</u>	<u>305.4</u>	<u>249.3</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(58.5)	(87.0)	(109.2)
Net proceeds from sale of joint venture interest previously acquired in the buw acquisition	0.7	—	—
Purchase of short-term and other investments	—	(0.8)	—
Proceeds from maturity of short-term and other investments	—	—	0.8
Acquisitions, net of cash acquired	—	(137.9)	—
Net cash used in investing activities	<u>(57.8)</u>	<u>(225.7)</u>	<u>(108.4)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of other long-term debt (term loan)	100.0	—	—
Repayments of other long-term debt (term loan and capital lease obligations)	(216.6)	(3.1)	(57.5)
Proceeds from Asset Securitization Facility	731.4	961.0	822.0
Repayment of Asset Securitization Facility	(648.4)	(1,001.0)	(802.0)
Repurchase of common shares	(82.2)	(71.6)	(72.5)
Proceeds from exercise of stock options	1.1	0.6	3.3
Payments of dividends	(35.6)	(32.7)	(29.6)
Excess tax benefit from share-based payment arrangements	—	1.2	1.2
Net cash used in financing activities	<u>(150.3)</u>	<u>(145.6)</u>	<u>(135.1)</u>
Net increase (decrease) in cash and cash equivalents	54.9	(65.9)	5.8
Cash and cash equivalents at beginning of period	138.8	204.7	198.9
Cash and cash equivalents at end of period	<u>\$ 193.7</u>	<u>\$ 138.8</u>	<u>\$ 204.7</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	\$ 15.4	\$ 14.9	\$ 15.0
Income taxes paid, net	\$ 37.3	\$ 55.8	\$ 42.8

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONVERGYS CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Amounts in millions)	Number of Common Shares	Common Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2014	189.8	\$ 1,077.5	(\$ 1,491.2)	\$1,707.6	(\$ 66.7)	\$1,227.2
Issuance of common shares	0.6	—	—	—	—	—
Tax related to share-based arrangements, net of excess tax benefits	—	(2.4)	—	—	—	(2.4)
Proceeds from exercise of stock options	—	3.3	—	—	—	3.3
Repurchase of common shares	—	—	(72.5)	—	—	(72.5)
Net income	—	—	—	169.0	—	169.0
Other comprehensive loss	—	—	—	—	(35.1)	(35.1)
Cash dividends declared	—	—	—	(30.4)	—	(30.4)
Amortization of stock-based compensation	—	15.7	—	—	—	15.7
Convertible notes conversion feature	—	1.4	—	—	—	1.4
Balance at December 31, 2015	190.4	1,095.5	(1,563.7)	1,846.2	(101.8)	1,276.2
Issuance of common shares	0.6	—	—	—	—	—
Tax related to share-based arrangements, net of excess tax benefits	—	(5.1)	—	—	—	(5.1)
Proceeds from exercise of stock options	—	0.6	—	—	—	0.6
Repurchase of common shares	—	—	(71.6)	—	—	(71.6)
Net income	—	—	—	143.0	—	143.0
Other comprehensive loss	—	—	—	—	(12.0)	(12.0)
Cash dividends declared	—	—	—	(34.2)	—	(34.2)
Amortization of stock-based compensation	—	17.4	—	—	—	17.4
Convertible notes conversion feature	—	1.6	—	—	—	1.6
Balance at December 31, 2016	191.0	1,110.0	(1,635.3)	1,955.0	(113.8)	1,315.9
Issuance of common shares	0.6	—	—	—	—	—
Retirement of treasury shares	(99.1)	(1,120.8)	1,702.0	(581.2)	—	—
Transfer of Convergys Stock from EDCP grantor trust	—	—	(1.1)	—	—	(1.1)
Tax related to share-based arrangements	—	(6.2)	—	—	—	(6.2)
Proceeds from exercise of stock options	—	1.1	—	—	—	1.1
Repurchase of common shares	—	—	(81.6)	—	—	(81.6)
Net income	—	—	—	121.4	—	121.4
Other comprehensive income	—	—	—	—	47.2	47.2
Cash dividends declared	—	—	—	(36.8)	—	(36.8)
Cumulative adjustment related to the adoption of ASU 2016-09	—	—	—	(0.6)	—	(0.6)
Amortization of stock-based compensation	—	16.6	—	—	—	16.6
Convertible notes conversion feature	—	1.8	—	—	—	1.8
Balance at December 31, 2017	92.5	\$ 2.5	(\$ 16.0)	\$1,457.8	(\$ 66.6)	\$1,377.7

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONVERGYS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in millions except per share amounts)

1. BACKGROUND AND BASIS OF PRESENTATION

Convergys Corporation is a global leader in customer experience outsourcing, focused on bringing value to its clients through every customer interaction. As of December 31, 2017, Convergys had approximately 115,000 employees in 33 countries, interacting with our clients' customers in 58 languages. In order to help clients serve their customers, Convergys operates 140 contact centers. Convergys leverages its geographic footprint and comprehensive capabilities to help leading companies create quality customer experiences across multiple interaction channels, such as voice, chat, email and interactive voice response.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America and U.S. Securities and Exchange Commission regulations. The Consolidated Financial Statements include the accounts of the Company's majority-owned subsidiaries. All material intercompany accounts and transactions are eliminated upon consolidation.

Reclassification

Certain prior year balances in the Consolidated Statements of Income have been reclassified to conform to the current year presentation. For the year ended December 31, 2016, the Company reclassified certain expenses related to the acquired buw operations. This resulted in a \$17.9 decrease to Cost of providing services and products sold and an offsetting \$17.9 increase to Selling, general and administrative expense on the Consolidated Statement of Income for the year ended December 31, 2016. The reclassification adjustment resulted in no other impacts to the Company's Consolidated Financial Statements and is not deemed to be material.

See New Accounting Pronouncements below for discussion of other prior period reclassifications that resulted from the Company's adoption of ASU 2017-07.

Use of Estimates, Risks and Uncertainties

The preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. These estimates include, but are not limited to, project completion dates, time and cost required to complete projects for purposes of revenue recognition and future revenue, expense and cash flow estimates for purposes of impairment analysis, loss contract evaluation, and the Company's accounting for income taxes. Actual results could differ from those estimates.

The Company's results are affected by economic, political, legislative, regulatory and legal actions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, and government fiscal policies, can have a significant effect on operations. While the Company maintains reserves for anticipated liabilities and carries insurance in an amount and scope that the Company believes are appropriate, the Company could be adversely affected by civil, criminal, regulatory or administrative actions, claims or proceedings.

Foreign Currency Translation

Assets and liabilities of non-U.S. operations are translated to U.S. dollars at year-end exchange rates. Revenues and expenses are translated at average exchange rates for the related period. Translation adjustments are accumulated and reflected as adjustments to other comprehensive (loss) income, a component of Shareholders' Equity, and included in net earnings only upon sale or liquidation of the underlying foreign subsidiary. Gains or losses resulting from foreign exchange transactions related to balance sheet positions are recorded in the Consolidated Statements of Income within Other income (expense), net.

Revenue Recognition

Revenues mostly consist of fees generated from outsourced services provided to the Company's clients. More than 95% of the Company's revenues are derived from agent-related services. The Company typically recognizes these revenues as services are performed based on staffing hours or the number of contacts handled by service agents using contractual rates.

The remaining revenues are derived from the sale of premise-based and hosted self-care and technology solutions and provision of professional services. Revenues from the sale of these solutions and provision of services are typically recognized as services are provided over the duration of the contract using contractual rates. These contracts are typically one year or less in duration.

Revenues are recognized only when the services are performed, there is evidence of an arrangement, the Company determines that the fee is fixed and determinable and collection of the fee included in the arrangement is considered probable. When determining whether the fee is considered fixed and determinable and collection is probable, the Company considers a number of factors including the creditworthiness of the client and the contractual payment terms. If a client is not considered creditworthy, recognition of all revenue under arrangements with that client is deferred until receipt of cash. If payment terms extend beyond what is considered customary or standard in the related industry and geographic location, recognition of the revenue is deferred until the related fees become due and payable.

Certain contracts have performance-related bonus provisions that require the client to pay us a bonus based upon our meeting agreed-upon service levels and performance metrics. These bonuses are recognized only after required measurement targets are met and the other criteria for recognition are satisfied.

Stock-Based Compensation

The Company accounts for stock-based payment transactions in which the Company receives employee services in exchange for equity instruments of the Company. Stock-based compensation cost for restricted stock units and performance restricted stock units is measured based on the closing fair market value of the Company's common shares on the date of grant. The Company recognizes stock-based compensation cost as expense for awards other than its performance-based restricted stock units ratably on a straight-line basis over the requisite service period. The Company recognizes stock-based compensation cost associated with its performance based restricted stock units over the requisite service period if it is probable that the performance conditions will be satisfied. The Company accounts for expense reductions that result from the forfeiture of unvested awards in the period that the forfeitures occur.

Income Taxes

The provision for income taxes includes taxes paid, currently payable or receivable, and those deferred. The Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act") includes a mandatory one-time tax on accumulated earnings of foreign subsidiaries and, as a result, previously unremitted earnings for which no U.S. deferred tax liability had been accrued have now been subject to U.S. tax. The 2017 Tax Act also includes a new minimum tax on

global intangible low-tax income, which the Company will recognize as period costs when incurred. The Company recognizes deferred tax assets and liabilities based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be settled or realized.

The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. The determination as to whether a deferred tax asset will be realized is made on a jurisdictional basis and is based on the evaluation of positive and negative evidence. This evidence includes historical pre-tax and taxable income, projected future taxable income, the expected timing of the reversal of existing temporary differences and the implementation of tax planning strategies. Projected future taxable income is based on expected results and assumptions as to the jurisdiction in which the income will be earned. The expected timing of the reversals of existing temporary differences is based on current tax law and the Company's tax methods of accounting.

The Company also reviews its tax activities and evaluates uncertain tax positions using a two-step approach. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit, which is the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company's policy is to recognize interest and penalties accrued on unrecognized tax benefits as part of income tax expense.

Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) include currency translation adjustments, changes related to pension liabilities, net of tax, and unrealized gains (losses) on hedging activities, net of tax. Foreign currency translation adjustments generally are not adjusted for income taxes as they relate to indefinite investments in non-U.S. operations. Accumulated other comprehensive income (loss) also includes, net of tax, actuarial gains or losses, prior service costs or credits and transition assets and obligations that are not recognized currently as components of net periodic pension cost.

Concentration of Credit Risk

In the normal course of business, the Company is exposed to credit risk. The principal concentrations of credit risk are cash and cash equivalents, short-term investments, accounts receivable and derivative instruments. The Company regularly monitors and reviews identified credit risk exposures. Historically, credit losses on accounts receivable have not been material because of the large concentration of revenues with a small number of large, established companies. The Company does not require collateral or other security to support accounts receivable. The Company evaluates the creditworthiness of its clients in conjunction with its revenue recognition processes, as discussed above, as well as through its ongoing collectability assessment processes for accounts receivable. The Company maintains an allowance for doubtful accounts receivable based upon factors surrounding the credit risk of specific clients, historical trends and other information. The Company limits its counterparty credit risk exposures by entering into derivative contracts with financial institutions that are investment grade rated.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term, highly liquid investments with original maturities of three months or less.

Receivables and Allowance for Doubtful Accounts

Trade receivables are comprised primarily of amounts owed to the Company by clients and are presented net of an allowance for doubtful accounts of \$4.8 and \$5.8 at December 31, 2017 and 2016, respectively.

Contracts with individual clients determine when receivables are due, generally within 30 to 60 days, and whether interest is accrued on late payments.

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company regularly reviews the adequacy of its allowance for doubtful accounts. The Company determines the allowance based on historical write-off experience and current economic conditions and also considers factors such as customer credit, past transaction history with the customer and changes in customer payment terms when determining whether the collection of a receivable is reasonably assured. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Property and Equipment

Property and equipment are stated at cost. Depreciation is based on the straight-line method over the estimated useful lives of the assets. Buildings are generally depreciated over a 30-year life, software over a three- to ten-year life and equipment generally over a three- to five-year life. Leasehold improvements are depreciated over the shorter of their estimated useful life or the remaining term of the associated lease. Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Depreciation expense for assets held under capital leases is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease. Included within Property and equipment is initial cost of \$3.5 related to assets under capital lease arrangements.

The Company reviews property and equipment asset groups for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company monitors these changes and events on at least a quarterly basis. Examples of events or changes in circumstances could include, but are not limited to, a prolonged economic downturn, current period operating or cash flow losses combined with a history of losses or a forecast of continuing losses associated with the use of an asset group, or a current expectation that an asset group will be sold or disposed of before the end of its previously estimated useful life. Recoverability is based upon projections of anticipated future undiscounted cash flows associated with the use and eventual disposal of the property and equipment asset groups, as well as specific appraisals in certain instances. Reviews occur at the lowest level for which identifiable cash flows are largely independent of cash flows associated with other property and equipment asset groups. If the future undiscounted cash flows result in a value that is less than the carrying value, then the long-lived asset is considered impaired and a loss is recognized based on the amount by which the carrying amount exceeds the estimated fair value. Various factors that the Company uses in determining the impact of these assessments include the expected useful lives of long-lived assets and our ability to realize any undiscounted cash flows in excess of the carrying amounts of such asset groups, and are affected primarily by changes in the expected use of the assets, changes in technology or development of alternative assets, changes in economic conditions, changes in operating performance and changes in expected future cash flows. Because judgment is involved in determining the fair value of property and equipment asset groups, there is risk that the carrying value of these assets may require adjustment in future periods.

Internal Use Software

The Company capitalizes certain expenditures for software that is purchased or internally developed for use in the business. During 2017, 2016, and 2015, amounts capitalized for internally developed software were \$2.0, \$3.7 and \$14.2, respectively. Amortization of internal use software begins when the software is ready for service and continues on the straight-line method over the estimated useful life, generally ranging from three to ten years.

Business Combinations

Accounting for acquisitions requires the Company to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, 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 record adjustments to the assets acquired and liabilities assumed with corresponding adjustments to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations. Refer to Note 3 of the Notes to Consolidated Financial Statements for a discussion of the buw acquisition.

Goodwill and Other Intangibles

As discussed more fully in Note 6, goodwill is reviewed at the reporting unit level for impairment as of October 1 of each year and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable.

The first step of the impairment test compares the fair value of a reporting unit with its carrying amount, including the goodwill allocated to the reporting unit (Step 1). If the fair value of the reporting unit is in excess of the carrying value, the related goodwill is considered not to be impaired and no further analysis is necessary. If the carrying amount of the reporting unit exceeds the fair value, there is an indication of potential impairment and a second step of testing is performed to measure the amount of the impairment, if any, for that reporting unit.

When required, the second step compares the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination, which is the excess of the fair value of the reporting unit determined in step one over the fair value of the net assets and identifiable intangibles as if the reporting unit were being acquired. Any excess of the carrying value of the reporting unit goodwill over the implied fair value of the reporting unit goodwill will be recorded as an impairment loss. An impairment charge recognized cannot exceed the amount of goodwill allocated to a reporting unit and cannot be reversed subsequently even if the fair value of the reporting unit recovers.

Fair value of the reporting unit is determined using the income approach with corroboration from the market approach. Under the market approach, fair value is based on revenue and earnings multiples for guideline public companies in the reporting unit's peer group. The market approach requires judgment regarding the selection of guideline companies. Under the income approach, value is dependent on the present value of net cash flows to be derived from ownership of the reporting unit. The income approach requires significant judgment including estimates about future cash flows and discount rates.

Other intangibles, primarily customer relationship assets and trademarks, are amortized over a straight-line basis with estimated useful lives ranging from one to seventeen years and are evaluated periodically if events or circumstances indicate a possible inability to recover their carrying amounts.

Postemployment Benefits

The funded status of the Company's pension and other postretirement benefit plans is recognized in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at December 31, the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation (PBO) and, for the other postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation (APBO). The PBO represents the actuarial

present value of benefits expected to be paid upon retirement. For active plans, the present value reflects estimated future compensation levels. The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. The fair value of plan assets represents the current market value of assets held by an irrevocable trust fund for the sole benefit of participants. The measurement of the benefit obligation is based on the Company's estimates and actuarial valuations. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain key assumptions that require significant judgment, including, but not limited to, estimates of discount rates, expected return on plan assets, rate of compensation increases, interest crediting rates and mortality rates. For additional information regarding plan assumptions and the current financial position of the Company's pension and other postretirement plans, see Note 9.

The Company provides severance benefits to certain employees. The Company accrues the benefits when it becomes probable that such benefits will be paid and when sufficient information exists to make reasonable estimates of the amounts to be paid.

Government Grants

From time to time, the Company receives grants from local or state governments as an incentive to locate or retain operations in their jurisdictions. Depending on the arrangement, the grants are either received up-front or at the time the Company achieves the milestones set forth in the grant. The Company's policy is to record the grant funds received as deferred credit and to amortize the deferred credit as a reduction of cost of providing services and products sold or selling, general and administrative expense as the milestones are met over the term of the grant.

Derivative Instruments

The Company's risk management strategy includes the use of derivative instruments to reduce the effects on its operating results and cash flows from fluctuations caused by volatility in currency exchange and interest rates. The Company currently uses only cash flow hedges. These instruments are hedges of forecasted transactions or of the variability of cash flows to be received or paid related to a recognized asset or liability. The Company generally enters into hedging contracts expiring within 36 months as hedges of anticipated cash flows denominated in foreign currencies. These contracts are entered into to protect against the risk that the eventual cash flows resulting from such transactions will be adversely affected by changes in exchange rates. In using derivative financial instruments to hedge exposures to changes in exchange rates, the Company exposes itself to counterparty credit risk.

All derivatives, including foreign currency exchange contracts, are recognized in the Consolidated Balance Sheets at fair value. Fair values for the Company's derivative financial instruments are based on quoted market prices of comparable instruments or, if none are available, on pricing models or formulas using current assumptions. On the date the derivative contract is entered into, the Company determines whether the derivative contract qualifies for designation as a hedge. For derivatives that are designated as hedges, the Company further designates the hedge as either a fair value or cash flow hedge; all currently existing hedges have been designated as cash flow hedges. Changes in the fair value of derivatives that are highly effective and designated as cash flow hedges are reported as a component of Other Comprehensive (Loss) Income and reclassified into earnings in the same line-item associated with the forecasted transaction and in the same periods during which the hedged transaction impacts earnings. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging activities. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to forecasted transactions, respectively. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively.

The Company also periodically enters into hedging contracts that are not designated as hedges. The purpose of the majority of these derivative instruments is to protect the Company against foreign currency exposure pertaining to receivables, payables and intercompany transactions that are denominated in currencies different from the functional currencies of the Company or the respective subsidiaries. The Company records changes in the fair value of these derivative instruments in the Consolidated Statements of Income within Other income, net.

Investments

Management determines the appropriate classification of securities at the time of purchase and re-evaluates such designation as of each balance sheet date. Currently all investment securities are classified as trading, and are reported within short-term investments in the Consolidated Balance Sheets. Trading securities are carried at fair value, with gains and losses, both realized and unrealized, reported in Other income (expense), net in the Consolidated Statements of Income. The cost of securities sold is based upon the specific identification method. Interest and dividends on securities classified as trading is included in Other income (expense), net.

Fair Value Measurements

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

New Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-04, “Simplifying the Test for Goodwill Impairment.” This ASU eliminates the two-step process that required identification of potential impairment and a separate measure of the actual impairment. Goodwill impairment charges, if any, would be determined by the difference between a reporting unit’s carrying value and its fair value (impairment loss is limited to the carrying value). This standard is effective for annual or any interim goodwill impairment tests beginning after December 15, 2019. The adoption of this standard is not expected to have a material impact on the Company’s consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, “Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Costs.” This ASU requires the service component of pension and other postretirement benefit costs to be presented in the same line item as other employee compensation costs on the consolidated statement of income; however, the other components of net benefit cost are required to be presented outside of operating income within the consolidated statements of income. The Company retrospectively adopted this ASU on January 1, 2017. The impact of the adoption on balances previously reported as of December 31, 2016 and 2015 were as follows:

Consolidated Statement of Income Caption	Year Ended December 31, 2016		
	Previously Reported	Change	Currently Reported
Cost of providing services and products sold	\$ 1,848.0	(\$ 4.9)	\$ 1,843.1
Selling, general and administrative	\$ 700.2	(\$ 4.8)	\$ 695.4
Total costs and expenses	\$ 2,708.7	(\$ 9.7)	\$ 2,699.0
Operating Income	\$ 204.9	\$ 9.7	\$ 214.6
Other income (expense), net	(\$ 0.9)	(\$ 9.7)	(\$ 10.6)

Consolidated Statement of Income Caption	Year Ended December 31, 2015		
	Previously Reported	Change	Currently Reported
Cost of providing services and products sold	\$1,877.5	(\$ 5.6)	\$ 1,871.9
Selling, general and administrative	\$ 691.7	(\$ 4.7)	\$ 687.0
Total costs and expenses	\$2,756.2	(\$10.3)	\$ 2,745.9
Operating Income	\$ 194.4	\$ 10.3	\$ 204.7
Other income (expense), net	\$ 0.8	(\$10.3)	(\$ 9.5)

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting." This ASU is intended to simplify accounting for share-based payments and requires that excess tax benefits for share-based payments be recorded as a reduction of income tax expense and reflected within operating cash flows rather than being recorded within equity and reflected within financing cash flows. The ASU also provides the option to recognize forfeitures as they occur rather than estimating the number of awards expected to be forfeited. The Company adopted this ASU as of January 1, 2017 and applied the new guidance related to excess tax benefits on a prospective basis. The Company elected to account for forfeitures of share-based payments as they occur and does not apply estimated forfeiture rates. As a result of this election, the Company recorded a \$0.6 cumulative effect adjustment to the retained earnings balance as of January 1, 2017 for outstanding awards based on the difference between the fair value of awards historically expected to be forfeited and the fair value of awards actually forfeited.

In February 2016, the FASB issued ASU 2016-02, "Leases." This ASU will require lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. The Company will adopt this standard on January 1, 2019 and is currently assessing the effect that adoption of the new standard will have on its consolidated financial statements. The Company currently expects adoption of this standard will result in a material increase to the assets and liabilities on the Consolidated Balance Sheets.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This ASU requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. This ASU was effective for interim and annual periods beginning after December 15, 2015 and was required to be applied retrospectively. The Company adopted this ASU as of March 31, 2016, which resulted in the reclassification of \$1.5 of debt issuance costs included in other current assets and other non-current assets to long-term debt and capital lease obligations on the Consolidated Balance Sheet as of December 31, 2015. As of December 31, 2016, \$1.4 of debt issuance costs are reducing the carrying amount of the Company's long-term debt.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." The standard applies one comprehensive revenue recognition model across all contracts, entities and sectors. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard includes cost guidance, whereby all direct and incremental costs to obtain or fulfill a contract will be capitalized and amortized over the corresponding period of benefit, determined on a contract by contract basis. The Company adopted this standard on January 1, 2018. The largest impacts to the Company's financial statements will result from the new qualitative and quantitative disclosures that will be required upon adoption of the new standard, and the capitalization of certain direct and incremental contract costs. The Company will apply the modified retrospective adoption alternative for this standard and anticipates recognizing a cumulative effect adjustment of approximately \$4.0 to retained earnings as of January 1, 2018, which reflects the deferral of contract costs. We have concluded that the new standard will not have an impact on the timing or revenue recognition pattern of any of our identified revenue streams.

3. BUSINESS COMBINATIONS

buw Acquisition

On August 1, 2016, the Company acquired buw, a leader in the German customer care industry. The acquisition added 16 sites and approximately 6,000 employees spread across Germany, Hungary and Romania into Convergys' global operations. The total purchase price, net of cash acquired, was \$137.9, which was funded using available cash and cash equivalents.

Purchase Price Allocation

The Company accounted for buw using the acquisition method of accounting in accordance with applicable U.S. GAAP whereby the total purchase price was allocated to tangible and intangible assets acquired and liabilities assumed based on respective fair values. The following table summarizes the values of the assets acquired and liabilities assumed at the date of acquisition:

	August 1, 2016
Assets:	
Receivables	\$ 35.3
Other current assets	2.5
Property and equipment	6.9
Goodwill	98.5
Intangible assets	22.7
Other assets	0.3
Liabilities:	
Accounts payable	(0.8)
Accrued expenses	(15.0)
Deferred tax—net	(6.7)
Other long-term liabilities	(5.8)
Total purchase price	<u>\$ 137.9</u>

As of September 30, 2017, the purchase price allocation for the acquisition was final. Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the synergistic benefits that are expected to be realized from the acquisition. The benefits primarily include an expanded geographic footprint in Germany and Eastern Europe. None of the goodwill is deductible for income tax purposes and was entirely allocated to the Customer Management - Agent Services reporting unit.

Intangible Assets Identified

The following details the total intangible assets identified:

Intangible asset type	Value	Life (years)
Customer relationship	\$22.0	10
Trade name	0.7	1
Total	<u>\$22.7</u>	

The fair value of the customer relationship asset was determined using the income approach through an excess earnings analysis, with projected earnings being discounted at a rate of 13.2%. The customer relationship intangible asset represents relationships between buw and its customers. Convergys applied the income approach through a relief-from-royalty analysis to determine the fair value of the buw trade name asset. The determination of the useful lives was based upon consideration of market participant assumptions and transaction specific factors.

4. DIVESTITURES AND DISCONTINUED OPERATIONS

Information Management

On May 16, 2012, the Company completed the sale of its Information Management line of business to NEC Corporation. The results of the Information Management business have been classified as discontinued operations, net of tax, for all periods presented.

5. EARNINGS PER SHARE AND SHAREHOLDERS' EQUITY

Earnings per Share

The following is a reconciliation of the numerator and denominator of the basic and diluted earnings per share (EPS) computations:

Shares (in millions)	Continuing Operations		Discontinued Operations		Total	
	Shares	Net Income	Per Share Amount	Net Income	Per Share Amount	Per Share Amount
2017:						
Basic EPS	93.2	\$121.4	\$ 1.30	\$ —	\$ —	\$ 1.30
Effect of dilutive securities:						
Stock-based compensation arrangements	0.8	—	(0.01)	—	—	(0.01)
Convertible Debt	5.9	—	(0.07)	—	—	(0.07)
Diluted EPS	<u>99.9</u>	<u>\$121.4</u>	<u>\$ 1.22</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1.22</u>
2016:						
Basic EPS	95.8	\$133.0	\$ 1.39	\$ 10.0	\$ 0.10	\$ 1.49
Effect of dilutive securities:						
Stock-based compensation arrangements	0.8	—	(0.01)	—	—	(0.01)
Convertible Debt	5.9	—	(0.08)	—	—	(0.08)
Diluted EPS	<u>102.5</u>	<u>\$133.0</u>	<u>\$ 1.30</u>	<u>\$ 10.0</u>	<u>\$ 0.10</u>	<u>\$ 1.40</u>
2015:						
Basic EPS	98.1	\$168.4	\$ 1.72	\$ 0.6	\$ 0.01	\$ 1.73
Effect of dilutive securities:						
Stock-based compensation arrangements	0.8	—	(0.03)	—	—	(0.03)
Convertible Debt	5.8	—	(0.09)	—	—	(0.09)
Diluted EPS	<u>104.7</u>	<u>\$168.4</u>	<u>\$ 1.60</u>	<u>\$ 0.6</u>	<u>\$ 0.01</u>	<u>\$ 1.61</u>

The diluted EPS calculation for 2017 excludes 0.3 and 0.3 of performance-based restricted stock units granted in 2017 and 2016, respectively, as performance criteria have not yet been fully defined, thereby precluding a grant for accounting purposes due to a lack of a mutual understanding of the terms of the stock-based awards.

The diluted EPS calculation for 2017 includes 5.9 shares associated with the Company's convertible debt. As described more fully in Note 7, during 2009, the Company issued approximately \$125.0 aggregate principal amount of 5.75% Junior Subordinated Convertible Debentures due 2029 (2029 Convertible Debentures). The 2029 Convertible Debentures were convertible, subject to certain conditions, into shares of the Company's common stock at an initial implied conversion price of approximately \$12.07 per share, or eighty-two and eighty-two hundredths shares per one thousand dollars in principal amount of debentures. The conversion rate is subject to adjustment for certain events outlined in the indenture governing the 2029 Convertible Debentures (the Indenture), including payment of dividends. As of December 31, 2017, the implied conversion price for the 2029 Convertible Debentures was approximately \$11.16 per share, or eighty-nine and fifty-nine hundredths shares per one thousand dollars in principal amount of debentures.

Shareholders' Equity

The Company repurchased 3.4 of its common shares during the year ended December 31, 2017 at an average price of \$23.67 per share for a total of \$81.6. Based upon timing of transactions, \$0.9 of the shares repurchased during December 2016 settled during the first quarter of 2017. Additionally, \$0.3 of the shares repurchased during December 2017 had not settled as of December 31, 2017. The Company repurchased 2.7 of its common shares during the year ended December 31, 2016. Below is a summary of the Company's share repurchases during 2017, 2016 and 2015:

	<u>Shares</u>	<u>Cost</u>
2017	3.4	\$81.6
2016	2.7	\$71.6
2015	3.1	\$72.5

At December 31, 2017, the Company had the authority to repurchase \$61.5 of outstanding common shares pursuant to the Board of Directors' August 2015 authorization to increase the remaining authorized share repurchases to \$250.0 in the aggregate. The timing and terms of any future transactions will depend on a number of considerations including market conditions, our available liquidity and capital needs, and limits on share repurchases that may be applicable under the covenants in our Credit Agreement.

Preferred Shares

The Company is authorized to issue up to 4.0 voting preferred shares, and 1.0 nonvoting preferred shares. At December 31, 2017 and 2016, there were no preferred shares issued or outstanding.

Dividends

During 2016 and 2017, the Company's Board of Directors declared the following dividends per common share, which were paid by the Company on the payment dates listed below:

<u>Announcement Date</u>	<u>Record Date</u>	<u>Dividend Amount</u>	<u>Payment Date</u>
February 23, 2016	March 24, 2016	\$0.08	April 8, 2016
May 9, 2016	June 24, 2016	\$0.09	July 8, 2016
August 8, 2016	September 23, 2016	\$0.09	October 7, 2016
November 8, 2016	December 23, 2016	\$0.09	January 6, 2017
February 22, 2017	March 24, 2017	\$0.09	April 7, 2017
May 8, 2017	June 23, 2017	\$0.10	July 7, 2017
August 8, 2017	September 22, 2017	\$0.10	October 6, 2017
November 7, 2017	December 22, 2017	\$0.10	January 5, 2018

On February 21, 2018, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.10 per common share to be paid on April 6, 2018 to shareholders of record as of March 23, 2018.

The Board expects that future cash dividends will be paid on a quarterly basis. However, any decision to pay future cash dividends will be subject to Board approval, and will depend on the Company's future earnings, cash flow, financial condition, financial covenants and other relevant factors.

6. GOODWILL AND OTHER INTANGIBLE AND LONG-LIVED ASSETS

Goodwill

The Company tests goodwill for impairment annually as of October 1 and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable.

Goodwill impairment testing is performed at the reporting unit level, one level below the business segment. The Company's reporting units are Customer Management - Agent Services and Customer Management - Customer Interaction Technology (CIT). As of December 31, 2017 and 2016, all goodwill was held by the Customer Management—Agent Services reporting unit. During 2012, the Company fully impaired the remaining goodwill balance for the CIT reporting unit. Including the 2012 impairment, cumulative CIT goodwill impairment charges totaled \$212.5.

The most recent annual impairment test performed as of October 1, 2017, indicated that the fair value of the Customer Management - Agent Services reporting unit was substantially in excess of its carrying value. However, impairment charges could be required if a divestiture decision is made or other significant economic events occur with respect to the reporting unit. Subsequent to our October 1, 2017 annual impairment test, no indications of an impairment were identified.

Below is a progression of goodwill for 2017 and 2016:

Balance at December 31, 2015	\$830.3
buw acquisition—preliminary purchase price allocation	98.3
Foreign currency and other	(11.7)
Balance at December 31, 2016	\$916.9
buw acquisition—measurement period adjustments	0.2
Foreign currency and other	20.8
Balance at December 31, 2017	<u>\$937.9</u>

Other Intangible Assets

The Company's other intangible assets, primarily acquired through business combinations, are evaluated periodically if events or circumstances indicate a possible inability to recover their carrying amounts. No impairment charges were recognized in any period presented. As of December 31, 2017 and 2016, the Company's other intangible assets consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Net
2017			
Customer relationships and other intangibles	\$484.6	(\$ 198.0)	\$286.6
Trademarks	27.0	(26.3)	0.7
Software (classified within Property and equipment, net)	41.3	(41.3)	—
Total	<u>\$552.9</u>	<u>(\$ 265.6)</u>	<u>\$287.3</u>
2016			
Customer relationships and other intangibles	\$474.0	(\$ 171.4)	\$302.6
Trademarks	26.5	(21.5)	5.0
Software (classified within Property and equipment, net)	41.3	(41.3)	—
Total	<u>\$541.8</u>	<u>(\$ 234.2)</u>	<u>\$307.6</u>

The intangible assets are being amortized using the following amortizable lives: 1 to 4 years for trademarks and 1 to 17 years for customer relationships and other intangibles. The remaining weighted average amortization period for customer relationships and other intangibles is approximately 13.0 years. Amortization of software is included within depreciation expense as the underlying assets are classified within property and equipment.

Amortization expense for intangibles was \$28.9, \$28.1 and \$27.0 for the years ended December 31, 2017, 2016 and 2015, respectively, and the related estimated expense for the five subsequent fiscal years is as follows:

For the year ended 2018	\$ 24.9
For the year ended 2019	24.2
For the year ended 2020	23.6
For the year ended 2021	21.9
For the year ended 2022	21.6
Thereafter	171.1

7. DEBT AND CAPITAL LEASE OBLIGATIONS

As of December 31, 2017 and 2016, debt and capital lease obligations consisted of the following:

	At December 31,	
	2017	2016
Term Loan, due 2019	\$ 99.3	\$212.9
Convertible Debentures, due 2029	65.5	63.7
Capital Lease Obligations	2.1	3.6
Accounts Receivable Securitization	103.0	20.0
Total debt	269.9	300.2
Less debt issuance costs	1.3	1.4
Total debt, net	268.6	298.8
Less current maturities	0.9	1.8
Long-term debt	\$267.7	\$297.0
Weighted average effective interest rates:		
Term Loan, due 2019	3.6%	3.0%
Accounts Receivable Securitization	1.9%	1.7%
Convertible Debentures, due 2029	7.2%	7.0%

Credit Facility

On January 11, 2017 (the Effective Date), the Company entered into a new credit agreement (Credit Agreement) and repaid all amounts outstanding and terminated all commitments under its previously existing credit agreement (Prior Credit Agreement) using initial borrowings under the Credit Agreement as well as borrowings under the Company's asset securitization facility. The Credit Agreement consists of a \$215.0 unsecured term loan facility (Term Loan), maturing on March 3, 2019, and a \$300.0 unsecured revolving credit facility (Revolving Credit Facility), maturing on January 11, 2022. On the Effective Date, the Company drew \$100.0 in initial borrowings under the Term Loan. A \$1.0 extinguishment loss was recognized on the Effective Date and is included in Interest expense on the Consolidated Statement of Income as for the year ended December 31, 2017.

The Revolving Credit Facility may be extended for two additional one-year periods, subject to the satisfaction of certain conditions set forth in the Credit Agreement. In addition, aggregate borrowing capacity under the Credit Agreement may be increased by up to an additional \$250.0 million by increasing the amount of the Revolving Credit Facility or by incurring additional term loans, in each case subject to the satisfaction of certain conditions set forth in the Credit Agreement, including the receipt of additional commitments for such increase. Borrowings outstanding under the Credit Agreement may be repaid from time to time without premium or penalty, other than customary breakage costs, if any. Borrowings outstanding under the Credit Agreement bear interest at a fluctuating rate per annum equal to, at the Company's option, either (a) the applicable adjusted LIBOR plus a spread based on the Company's total net leverage ratio, or (b) a base rate (equal to the higher of

the Administrative Agent's prime rate, the federal fund rate plus 0.50%, and the one-month adjusted LIBOR plus 1.0%) plus a spread based on the Company's total net leverage ratio. The Company is also obligated to pay a commitment fee on a quarterly basis on the unused portion of the commitments under the Revolving Credit Facility based on the Company's total net leverage ratio, which fee is currently 25 basis points. While amounts borrowed and repaid under the Revolving Credit Facility can be re-borrowed, amounts repaid under the Term Loan cannot be borrowed again under the Credit Agreement. The Credit Agreement contains certain affirmative and negative covenants, as well as terms and conditions that are customary for credit facilities of this type, including financial covenants for leverage and interest coverage ratios. The Company was in compliance with all covenants at December 31, 2017. Total borrowing capacity remaining under the Revolving Credit Facility was \$300.0, with \$100.0 outstanding on the Term Loan, as of December 31, 2017. The carrying value of the Term Loan at December 31, 2017 reflects a discount of \$0.7 related to fees paid directly to the lenders at issuance. This discount is being amortized over the life of the Term Loan using the effective interest rate method (3.6% as of December 31, 2017), and is included in interest expense in the Consolidated Statements of Income.

The Company established the Prior Credit Agreement on February 28, 2014 in the aggregate amount of \$650.0. The Prior Credit Agreement consisted of unsecured term loans (Prior Term Loan) in the initial aggregate amount of \$350.0, and an unsecured revolving credit facility (Prior Revolving Credit Facility) in the amount of \$300.0. The Prior Term Loan and the Prior Revolving Credit Facility were scheduled to mature on March 3, 2019. Outstanding amounts were subject to interest at the applicable rate described in the Prior Credit Agreement.

Convertible Debentures

During 2009, Convergys issued \$125.0 aggregate principal amount of 5.75% Junior Subordinated Convertible Debentures due September 2029 (2029 Convertible Debentures) in exchange for \$122.5 of 4.875% Unsecured Senior Notes due December 15, 2009, pursuant to an exchange offer. At the date of issuance, the Company recognized the liability component of the 2029 Convertible Debenture at its fair value of \$56.3. The liability component was recognized as the fair value of a similar instrument that did not have a conversion feature at issuance. The equity component, which is the value of the conversion feature at issuance, was recognized as the difference between the proceeds from the issuance of the debentures and the fair value of the liability component, after adjusting for the deferred tax impact of \$32.7. The 2029 Convertible Debentures were issued at a coupon rate of 5.75%, which was below that of a similar instrument that did not have a conversion feature. Therefore, the valuation of the debt component, using the income approach, resulted in a debt discount. The debt discount is being amortized over the life of a similar debt instrument without a conversion feature, which the Company determined to equal the contractual maturity of the 2029 Convertible Debentures. Amortization is based upon the effective interest rate method and is included in interest expense in the Consolidated Statements of Income.

The 2029 Convertible Debentures, which pay a fixed rate of interest semi-annually, have a contingent interest component that will require the Company to pay additional interest if the trading price of the 2029 Convertible Debentures exceeds a specified threshold at specified times, commencing on September 15, 2019, as outlined in the Indenture. The maximum amount of contingent interest that will accrue is 0.75% per annum of the average trading price of the 2029 Convertible Debentures during the periods specified in the Indenture. The fair value of this embedded derivative was not significant at December 31, 2017 or 2016.

The Company is not entitled to redeem the 2029 Convertible Debentures prior to September 15, 2019. On or after September 15, 2019, the Company may redeem for cash all or part of the 2029 Convertible Debentures at par value plus accrued but unpaid interest if certain trading conditions of the Company's common shares are satisfied. The holders of the 2029 Convertible Debentures have the option to require redemption at par value plus accrued but unpaid interest upon the occurrence of a fundamental change, a defined term in the Indenture.

The 2029 Convertible Debentures are convertible at the option of the holders on or after September 15, 2028 and prior to that date only under the following circumstances: (1) during any calendar quarter if the last reported

sales price of the Company's common shares for at least 20 trading days (whether or not consecutive) during a period of 20 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than or equal to 130% of the applicable conversion price (currently \$14.51) for the 2029 Convertible Debentures on each applicable trading day (hereinafter referred to as the Sales Price Condition); (2) during the five business day period immediately following any five consecutive trading day period (the Measurement Period) in which, as determined following a request by a holder of 2029 Convertible Debentures as provided in the Indenture, the trading price per \$1,000 principal amount of 2029 Convertible Debentures for each trading day of such Measurement Period was less than 98% of the product of the last reported sale price of the Company's common shares and the applicable conversion rate for the 2029 Convertible Debentures on each such trading day; (3) if the Company elects to redeem any or all of the 2029 Convertible Debentures; or (4) upon the occurrence of specified corporate events pursuant to the terms of the Indenture. Upon conversion, the Company will pay cash up to the aggregate principal amount of the 2029 Convertible Debentures to be converted and pay or deliver, as the case may be, cash, common shares of the Company or a combination of cash and common shares of the Company, at the Company's election, in respect of the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the 2029 Convertible Debentures being converted.

The 2029 Convertible Debentures were convertible, subject to certain conditions, into common shares of the Company at an initial implied conversion price of approximately \$12.07 per share, or eighty-two and eighty-two hundredths shares per one thousand dollars in principal amount of debentures. As of December 31, 2017, the implied conversion price for the 2029 Convertible Debentures was approximately \$11.16 per share, or eighty-nine and fifty-nine hundredths shares per one thousand dollars in principal amount of debentures. The conversion rate is subject to adjustment for certain events outlined in the Indenture, including payment of dividends.

As of December 31, 2017 and 2016, the 2029 Convertible Debentures were convertible at the option of the holders. This conversion right was triggered upon satisfaction of the Sales Price Condition (the closing price of the Company's common shares was greater than or equal to \$14.51, 130% of the conversion price of the 2029 Convertible Debentures at December 31, 2016, for at least 20 of the 20 consecutive trading days ending on December 31, 2017). As a result, the equity component of the 2029 Convertible Debentures equal to \$59.5 (the difference between the par value and carrying value of the 2029 Convertible Debentures at December 30, 2017) has been classified as temporary equity within the December 31, 2017 Consolidated Balance Sheet since this amount was considered redeemable. The Company will reassess the convertibility of the 2029 Convertible Debentures and the related balance sheet classification on a prospective basis. There have been no conversions of the 2029 Convertible Debentures through the date of this filing.

Based on quoted market prices at December 31, 2017, the fair value of the \$125.0 aggregate principal amount of the Company's 2029 Convertible Debentures is \$274.5.

Asset Securitization Facility

During January 2017, the Company amended the terms of its asset securitization facility collateralized by accounts receivable of certain of the Company's subsidiaries. The amendment resulted in an increased purchase limit of \$225.0, with \$90.0 and \$135.0 expiring in January 2018 and January 2020, respectively. The asset securitization facility was further amended in January 2018 to extend the expiration date for the \$90.0 purchase limit to January 2019. As of December 31, 2016, the asset securitization facility had a purchase limit of \$150.0 expiring in January 2017. The asset securitization program is conducted through Convergys Funding Inc., a wholly-owned bankruptcy remote subsidiary of the Company. As of December 31, 2017 and 2016, Convergys had drawn \$103.0 and \$20.0, respectively, in available funding from qualified receivables. Amounts drawn under this facility have been classified as long-term debt within the Consolidated Balance Sheets, based on the Company's ability and intent to refinance on a long-term basis as of December 31, 2017.

At December 31, 2017, future minimum payments of the Company's debt and capital lease arrangements (exclusive of any debt discounts) are as follows:

2018	\$ 42.2
2019	100.7
2020	62.2
2021	—
2022	—
Thereafter	125.0
	<u>\$330.1</u>

8. RESTRUCTURING

2017 Restructuring

Company-wide restructuring program

During 2017, the Company recorded restructuring expenses of \$12.8 related to a company-wide initiative to reduce headcount and better align the Company's resources, principally for corporate functions. The 2017 restructuring actions impacted approximately 315 employees. This expense is included in Restructuring charges on the Consolidated Statements of Income and is expected to be substantially paid in cash by March 31, 2018. The total remaining liability under these restructuring actions, which is included in Payables and other current liabilities on the Consolidated Balance Sheet, was \$5.8 as of December 31, 2017.

Other Severance

During 2017, the Company recorded other severance expense of \$10.4 primarily related to headcount reductions resulting from certain client program completions. These actions impacted approximately 250 employees. This severance expense is included in Restructuring charges on the Consolidated Statements of Income and is expected to be substantially paid in cash by March 31, 2018. The total remaining liability under these restructuring actions, which is included in Payables and other current liabilities on the Consolidated Balance Sheet, was \$2.8 as of December 31, 2017.

buw integration

During 2017, the Company recorded severance charges of \$1.1 related to the elimination of certain redundant positions as a result of the integration of the buw business. This severance expense was included in Transaction and integration costs on the Consolidated Statements of Income and is expected to be fully paid in cash by March 31, 2018. The total remaining liability under these severance-related actions, which is included in Payables and other current liabilities on the Consolidated Balance Sheet, was \$0.1 as of December 31, 2017.

2016 Restructuring

During 2016, the Company recorded severance charges of \$3.7 related to the Company's ongoing efforts to refine its operating model and reduce costs, as well as headcount reductions resulting from certain client program completions. The 2016 actions impacted approximately 760 employees. These severance-related charges were fully paid in cash by June 30, 2017. The total remaining liability under these severance-related actions, which is included in Payables and other current liabilities on the Company's Consolidated Balance Sheet, was \$0.8 as of December 31, 2016.

2015 Restructuring

During 2015, the Company recorded severance charges of \$7.2 related to the Company's ongoing efforts to refine its operating model and reduce costs, as well as headcount reductions resulting from certain client program

completions. The 2015 actions impacted approximately 700 employees. These severance-related charges were fully paid in cash by September 30, 2016.

During 2015, the Company also recorded restructuring expenses of \$0.4 related to the integration of Stream. These severance-related charges were included in Restructuring charges on the Consolidated Statements of Income and were fully paid in cash by March 31, 2016.

9. EMPLOYEE BENEFIT PLANS

Pensions

The Company sponsors a frozen defined benefit pension plan, which includes both a qualified and non-qualified portion, for all eligible employees (the cash balance plan) in the U.S. and unfunded defined benefit plans for certain eligible employees in the Philippines, Malaysia and France (together with the cash balance plan, the defined benefit plans). The pension benefit formula for the cash balance plan is determined by a combination of compensation and age-based credits and annual guaranteed interest credits. The qualified portion of the cash balance plan has been funded through contributions made to a trust fund in accordance with the Pension Protection Act of 2006. The Company's measurement date for all plans is December 31. The plan assumptions are evaluated annually and are updated as deemed necessary.

Components of pension cost and other amounts recognized in other comprehensive income for the Company's defined benefit plans are as follows:

	Year Ended December 31,		
	2017	2016	2015
Service cost	\$ 5.5	\$ 6.5	\$ 7.5
Interest cost on projected benefit obligation	7.3	8.6	10.5
Expected return on plan assets	(9.9)	(10.0)	(10.2)
Amortization and deferrals—net	6.2	6.6	10.4
Settlement charge	2.5	4.8	—
Total pension cost	\$ 11.6	\$ 16.5	\$ 18.2
Other comprehensive (loss) income	(\$ 9.1)	\$ 11.1	\$ 14.5

During 2017 and 2016, the Company recognized non-cash pension settlement charges of \$2.5 and \$4.8, respectively, resulting from lump sum distributions.

The reconciliation of the defined benefit plans' projected benefit obligation and the fair value of plan assets for the years ended December 31, 2017 and 2016 are as follows:

	At December 31,	
	2017	2016
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 225.7	\$ 242.9
Service cost	5.5	6.5
Interest cost	7.3	8.6
Settlement	(9.5)	(15.4)
Actuarial gain (loss)	26.4	(4.3)
Benefits paid	(13.3)	(12.6)
Benefit obligation at end of year	<u>\$ 242.1</u>	<u>\$ 225.7</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 154.2	\$ 157.2
Actual return on plan assets	18.9	7.9
Settlement	(9.5)	(15.4)
Employer contribution	7.2	17.1
Benefits paid	(13.3)	(12.6)
Fair value of plan assets at end of year	<u>\$ 157.5</u>	<u>\$ 154.2</u>
Funded status	<u>(\$ 84.6)</u>	<u>(\$ 71.5)</u>
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Current liability	(\$ 6.9)	(\$ 6.4)
Non-current liability	(\$ 77.7)	(\$ 65.1)
Accumulated other comprehensive loss	(\$ 62.4)	(\$ 53.3)

Accumulated other comprehensive loss at December 31, 2017 and 2016 includes unrecognized actuarial losses of \$62.4 (\$40.4 net of tax) and \$53.3 (\$32.8 net of tax), respectively. The actuarial loss included in accumulated other comprehensive loss that is expected to be recognized in net periodic pension cost during 2018 is \$8.4. The accumulated benefit obligation for the defined benefit plans was \$242.1 and \$225.7 at December 31, 2017 and 2016, respectively.

Estimated future benefit payments from the defined benefit plans are as follows:

2018	\$ 23.3
2019	21.0
2020	20.5
2021	19.9
2022	19.6
2023 - 2027	88.0
Total	<u>\$192.3</u>

The Company also sponsors a non-qualified, unfunded executive deferred compensation plan (the EDCP), which permits eligible participants, including executive officers, to defer receipt of certain income. The Company matches up to 100% of the first 3% of a participant's deferred amounts and 50% of a participant's next 2% of deferred amounts. The Company match under the EDCP is reduced by the Company match eligible to be received under the Company's Retirement and Savings Plan.

Benefits for the EDCP are based on employee deferrals, matching contributions and investment earnings on participant accounts. As further described in Note 12, the Company makes investments in certain securities

which are held in a grantor trust for the benefit of participants of the EDCP. These investments are made in securities reflecting the hypothetical investment balances of plan participants, in an attempt to offset the impacts of gains and losses on participant account balances.

Components of pension cost and other amounts recognized in other comprehensive loss for the EDCP are as follows:

	Year Ended December 31,		
	2017	2016	2015
Service cost	\$ 1.8	\$ 1.3	\$ 1.5
Interest cost on projected benefit obligation	0.4	0.3	0.4
Total pension cost	\$ 2.2	\$ 1.6	\$ 1.9
Other comprehensive loss	(\$1.8)	(\$1.0)	(\$0.6)

The reconciliation of the EDCP projected benefit obligation for the years ended December 31, 2017 and 2016 is as follows:

	At December 31,	
	2017	2016
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 14.9	\$ 13.7
Service cost	1.8	1.3
Interest cost	0.4	0.3
Actuarial loss	1.8	1.0
Benefits paid	(1.4)	(1.4)
Benefit obligation at end of year	\$ 17.5	\$ 14.9
Funded status	<u>(\$17.5)</u>	<u>(\$14.9)</u>
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Current liability	(\$ 2.3)	(\$ 1.6)
Non-current liability	(\$15.2)	(\$13.3)
Accumulated other comprehensive loss	(\$ 2.0)	(\$ 0.2)

Accumulated other comprehensive loss at December 31, 2017 and 2016 includes unrecognized actuarial losses of \$2.0 (\$1.3 net of tax), and gains of \$0.2 (\$0.1 net of tax). The accumulated benefit obligation for the EDCP was \$17.5 and \$14.9 at December 31, 2017 and 2016, respectively. There is no prior service cost expected to be recognized in net periodic pension cost during the year ending December 31, 2018.

Estimated future benefit payments from the EDCP are as follows:

2018	\$ 2.3
2019	0.8
2020	0.9
2021	1.2
2022	1.2
2023 - 2027	8.7
Total	<u>\$15.1</u>

The following weighted-average rates were used in determining the benefit obligations at December 31:

	2017	2016
Discount rate—projected benefit obligation	1.50% - 5.76%	1.55% - 5.56%
Future compensation growth rate	2.00% - 4.50%	2.00% - 4.00%
Expected long-term rate of return on plan assets	6.25% - 6.75%	6.75% - 7.00%

The following weighted-average rates were used in determining the pension cost for all years ended December 31:

	2017	2016	2015
Discount rate—projected benefit obligation	1.50% - 5.76%	1.55% - 5.56%	3.61% - 5.56%
Future compensation growth rate	2.00% - 4.50%	2.00% - 4.00%	2.50% - 4.50%
Expected long-term rate of return on plan assets	6.75%	6.75% - 7.00%	6.75% - 7.00%

The range of discount rates utilized in determining the pension cost and projected benefit obligation of the Company's defined benefit plans reflects a lower prevalent rate applicable to the frozen cash balance plan for eligible employees in U.S. and a higher applicable rate for the unfunded defined benefit plan for certain eligible employees in the Philippines, France and Malaysia. The plans outside the U.S. represented approximately 13.7% and 15.3% of the Company's total projected benefit obligation for all plans as of December 31, 2017 and 2016, respectively.

Change in Applying Discount Rate to Measure Benefit Costs

As of December 31, 2015, Convergys changed the method used to estimate the service and interest cost components of net periodic benefit cost for all pension and other postretirement benefits. This change in methodology resulted in a decrease in the service and interest cost components for pension and other postretirement benefit costs beginning in the first quarter of 2016. Convergys historically estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Beginning in 2016, the Company elected to utilize a full yield curve approach in the determination of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. Convergys elected to make this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. This change did not affect the measurement of Convergys' total benefit obligations at December 31, 2015 or net periodic pension cost recognized in 2015. Convergys accounted for this change as a change in accounting estimate and accordingly had accounted for it prospectively.

The impact of this discount rate change compared to the previous method decreased estimated pension and other postretirement benefits service and interest cost by approximately \$2.4, or approximately \$0.6 quarterly, during 2016 with substantially all of the decrease attributable to interest cost. This reduction in service and interest cost was completely offset within the actuarial gain or loss caption when the plans were remeasured. The cost reduction resulted in an increase to net income and diluted earnings per common share of \$1.5 and \$0.01, respectively, during 2016.

Plan Assets

As of December 31, 2017 and 2016, plan assets for the cash balance plan consisted of common/collective trusts (of which approximately 60% are invested in equity backed funds and approximately 40% are invested in funds invested in fixed income instruments) and a private equity fund. At December 31, 2017, the Company's targeted allocation was 60% equity and 40% fixed income. The investment objectives for the plan assets are to generate returns that will enable the plan to meet its future obligations. The Company's expected long-term rate

of return was determined based on the asset mix of the plan, projected returns, past performance and other factors. The Company contributed \$10.0 in 2016 to fund its cash balance plan. No such contributions were made in 2017. The Company has satisfied its ERISA funding requirements through 2017. No plan assets are expected to be returned to the Company during 2018.

The following table sets forth by level, within the fair value hierarchy, the cash balance plan's assets at fair value as of December 31, 2017 and 2016:

<u>Investments</u>	<u>December 31, 2017</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common/collective trusts:				
Fixed income	\$ 62.4	\$ —	\$ 62.4	\$ —
U.S. large cap	56.7	—	56.7	—
U.S. small cap	10.0	—	10.0	—
International equity	26.6	—	26.6	—
Limited partnership	1.8	—	—	1.8
Total investments	\$ 157.5	\$ —	\$ 155.7	\$ 1.8

<u>Investments</u>	<u>December 31, 2016</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common/collective trusts:				
Fixed income	\$ 60.8	\$ —	\$ 60.8	\$ —
U.S. large cap	54.2	—	54.2	—
U.S. small cap	10.3	—	10.3	—
International equity	26.7	—	26.7	—
Limited partnership	2.2	—	—	2.2
Total investments	\$ 154.2	\$ —	\$ 152.0	\$ 2.2

There were no transfers between the three levels of the fair value hierarchy during the years ended December 31, 2017 and 2016. For additional information on the fair value hierarchy, see Note 13.

The Company's cash balance plan holds level 2 investments in common/collective trust funds that are public investment vehicles valued using a net asset value (NAV) provided by the manager of each fund. The NAV is based on the underlying net assets owned by the fund, divided by the number of shares outstanding. The NAV's unit price is quoted on a private market that may not be active. However, the NAV is based on the fair value of the underlying securities within the fund, which are traded on an active market, and valued at the closing price reported on the active market on which those individual securities are traded. The significant investment strategies of the funds are as described in the financial statements provided by each fund. There are no restrictions on redemptions from these funds.

The Company's cash balance plan holds Level 3 investments within equity funds that primarily invest in domestic early stage capital funds. The fair value of these investments is based on the net asset value per share of the fund. The cash balance plan has approximately \$0.2 in future funding requirements associated with this investment. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value

measurement. The following table provides a reconciliation of the beginning and ending balances for the Level 3 assets:

	Year Ended December 31	
	2017	2016
Balance, beginning of year	\$ 2.2	\$ 2.8
Unrealized losses relating to instruments still held at the reporting date	(0.1)	(0.3)
Distributions	(0.3)	(0.3)
Balance, end of year	\$ 1.8	\$ 2.2

Savings Plans

The Company sponsors a defined contribution plan covering substantially all U.S. employees. The Company matches a portion of employee contributions to the plan. The Company matches up to 100% of the first 3% and 50% of the next 2% of eligible compensation contributed by the participant. Total Company contributions to the defined contribution plan were \$7.0 in 2017 compared to \$7.3 and \$7.4 for 2016 and 2015, respectively. Plan assets for this plan included 0.8 (\$17.7) and 0.9 (\$21.0) of the Company's common shares at December 31, 2017 and 2016, respectively.

Employee Postretirement Benefits Other Than Pensions

The Company sponsors postretirement health and life insurance plans for certain eligible employees. The plan provides eligible employees and retirees with the opportunity to direct an amount of their compensation or pension benefits to cover medical, dental and life insurance programs of their choice for their benefit and the benefit of their dependents. The plan covers both active and retired eligible employees of the Company and its subsidiaries. Employees' eligibility to participate in the plan is based upon their date of hire.

The Company funds life insurance benefits of certain retirees through a Voluntary Employee Benefit Association (VEBA) trust. Contributions to the plan consist of (1) compensation or pension benefit deductions that the participant directs the Company, which is also the Plan Sponsor, to deposit into the plan on their behalf based on the coverage the participant has elected under the plan, and (2) amounts the Company pays to the plan that are in excess of the participant-directed deductions. Contributions to the VEBA are subject to Internal Revenue Service (IRS) limitations developed using the aggregate cost method. At December 31, 2006, the Company eliminated the postretirement life insurance plan benefits for non-retirement eligible employees. The Company's postretirement benefit plan benefit was \$0.7 at 2017 and 2016, respectively, and \$0.8 for 2015. The amounts included within accumulated other comprehensive income related to these benefits were \$0.1 and \$1.2 at December 31, 2017 and 2016, respectively.

Components of other post-employment benefit plan cost and other amounts recognized in other comprehensive loss for the postretirement health and life insurance plans are as follows:

	2017	2016	2015
Interest cost on projected benefit obligation	\$ 0.1	\$ 0.1	\$ 0.2
Expected return on plan assets	(0.2)	(0.2)	(0.3)
Amortization and deferrals—net	(0.6)	(0.6)	(0.7)
Total other benefit	(\$ 0.7)	(\$ 0.7)	(\$ 0.8)
Other comprehensive loss	(\$ 1.1)	(\$ 0.9)	(\$ 0.7)

The reconciliation of the postretirement health and life insurance plans' projected benefit obligation and the fair value of plan assets for the years ended December 31, 2017 and 2016 are as follows:

	At December 31.	
	2017	2016
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 4.2	\$ 4.2
Interest cost	0.1	0.1
Actuarial loss	0.4	0.1
Benefits paid	(0.2)	(0.2)
Benefit obligation at end of year	<u>\$ 4.5</u>	<u>\$ 4.2</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 3.2	\$ 3.4
Actual return on plan assets	—	0.1
Employer contribution	0.2	0.1
Asset transfer	—	(0.2)
Benefits paid	(0.2)	(0.2)
Fair value of plan assets at end of year	<u>\$ 3.2</u>	<u>\$ 3.2</u>
Funded status	<u>(\$ 1.3)</u>	<u>(\$ 1.0)</u>
Amounts recognized in the Consolidated Balance Sheets consisted of:		
Current liability	(\$ 0.1)	(\$ 0.1)
Non-current liability	(\$ 1.2)	(\$ 0.9)
Accumulated other comprehensive loss	\$ 0.1	\$ 1.2

Estimated future benefit payments from the postretirement health and life insurance plans are as follows:

2018	\$0.2
2019	0.2
2020	0.2
2021	0.2
2022	0.2
2023 - 2027	1.2
Total	<u>\$2.2</u>

Plan assets for the postretirement health and life insurance plans of \$3.2 at December 31, 2017 and 2016, respectively, are comprised of money market accounts, a Level 1 fair value measure. The Company expects to make \$0.1 in contributions in 2018 to fund its postretirement health and life insurance plans. No plan assets are expected to be returned to the Company during 2018.

10. STOCK-BASED COMPENSATION PLANS

At December 31, 2017, the Company had 6.4 common shares remaining available for issuance under the Convergys Corporation Amended and Restated Long-Term Incentive Plan (Convergys LTIP) from the initial authorization of 30.0 common shares in 1998, which was increased to 38.0 in 2002. The Company granted stock options in 2012 and 2011 with exercise prices that were no less than the market value of the Company's common shares at the grant date and have a ten- year term and vesting terms of two to three years. The Company also grants restricted stock units to certain employees and directors. The restricted stock units do not possess voting rights and consist of both time-related and performance-related units. The restrictions for the time-related restricted stock units generally lapse one to three years after the grant date. The performance-related units vest

upon the Company's satisfaction of certain financial targets. Performance-related units for which the performance conditions for vesting of those units are not met within the applicable three-year performance period are forfeited.

The following table shows certain information as of December 31, 2017, with respect to compensation plans under which common shares are authorized for issuance:

Shares (in millions)	Number of Common Shares to be Issued Upon Exercise	Weighted Average Exercise Price	Common Shares Available for Future Issuance
Equity compensation plans approved by shareholders			
Stock options	0.3	\$ 13.45	—
Restricted stock units	2.1	—	—
	<u>2.4</u>	<u>\$ 13.45</u>	<u>6.4</u>

The Company's operating results reflect stock-based compensation expense of \$17.4, \$18.8 and \$16.9 for 2017, 2016 and 2015, respectively. Expense in 2017, 2016 and 2015 included \$0.9, \$1.4 and \$1.2, respectively, related to awards classified as liabilities that will ultimately settle in cash.

Restricted Stock Units

Time-based Restricted Stock Units

During the years ended December 31, 2017, 2016 and 2015, the Company granted 0.7, 0.5 and 0.7 shares, respectively, of time-based restricted stock units. The weighted average grant date fair values of these grants were \$23.59, \$26.51 and \$22.41, respectively. These time-based grants are scheduled to vest 25% at the first anniversary of the grant date, 25% at the second anniversary and 50% at the third anniversary.

The total compensation cost related to non-vested time-based restricted stock units not yet recognized as of December 31, 2017 was approximately \$18.8, which is expected to be recognized over a weighted average period of 2.1 years. Changes to non-vested time-based restricted stock units for the years ended December 31, 2017 and 2016 were as follows:

Shares (in millions)	Number of Shares	Weighted Average Fair Value at Date Of Grant
Non-vested at December 31, 2014	<u>1.3</u>	<u>\$ 17.66</u>
Granted	0.7	22.41
Vested	(0.5)	16.53
Forfeited	(0.2)	20.78
Non-vested at December 31, 2015	<u>1.3</u>	<u>20.20</u>
Granted	0.5	26.51
Vested	(0.5)	19.35
Forfeited	—	—
Non-vested at December 31, 2016	<u>1.3</u>	<u>23.23</u>
Granted	0.7	23.59
Vested	(0.6)	22.80
Forfeited	(0.1)	24.68
Non-vested at December 31, 2017	<u>1.3</u>	<u>\$ 23.46</u>

Performance-based Restricted Stock Units

During the years ended December 31, 2017, 2016 and 2015, the Company granted 0.3, 0.4 and 0.4 shares, respectively, of performance-based restricted stock units. These grants provide for payout based upon the extent to which the Company achieves certain EPS targets, as determined by the Compensation and Benefits Committee of the Board of Directors, over three-year periods. Payout levels for earned shares range from 50% to 200% of award shares. No payout is earned if performance is below the minimum threshold performance level. At December 31, 2017, the targets for the third year of the 2016 grants and the second and third years of the 2017 grants had not yet been set, the key terms had not been effectively communicated to the recipients, and as such the expense related to these grants had not yet been recognized. These grants have been excluded from the table below.

During 2017, the Company established and communicated to participants the final key terms of the 2015 grants, resulting in grants for accounting purposes with a grant date fair value of \$21.27 per share. The total compensation cost related to the 2015 non-vested performance-based restricted stock units not yet recognized as of December 31, 2017 was approximately \$0.8, which is expected to be recognized ratably over the remaining vesting period ending in February 2018.

Changes to non-vested performance-based restricted stock units for the years ended December 31, 2017, 2016 and 2015 were as follows:

Shares (in millions)	Number of Shares	Weighted Average Fair Value at Date Of Grant
Non-vested at December 31, 2014	—	\$ —
Granted	0.3	28.84
Vested	—	—
Forfeited	—	—
Non-vested at December 31, 2015	0.3	21.84
Granted	0.3	26.49
Vested	(0.3)	21.92
Forfeited	—	—
Non-vested at December 31, 2016	0.3	26.48
Granted	0.3	21.27
Vested	(0.3)	26.16
Forfeited	—	—
Non-vested at December 31, 2017	0.3	\$ 21.28

The aggregate intrinsic value of non-vested time-based and performance-based restricted stock units was \$40.7 at December 31, 2017.

Stock Options

Presented below is a summary of Company stock option activity. Prior to 2016, all outstanding stock options were fully vested and the related expense had been fully recognized.

Shares (in millions)	Shares	Weighted Average Exercise Price
Options outstanding at January 1, 2015	0.7	\$ 13.24
Options exercisable at January 1, 2015	0.5	13.41
Granted	—	—
Exercised	(0.2)	13.09
Forfeited	—	—
Options outstanding at December 31, 2015	<u>0.5</u>	<u>\$ 13.33</u>
Options exercisable at December 31, 2015	<u>0.5</u>	<u>\$ 13.33</u>
Granted	—	—
Exercised	(0.1)	13.24
Forfeited	—	—
Options outstanding at December 31, 2016	<u>0.4</u>	<u>\$ 13.34</u>
Options exercisable at December 31, 2016	<u>0.4</u>	<u>\$ 13.34</u>
Granted	—	—
Exercised	(0.1)	12.92
Forfeited	—	—
Options outstanding at December 31, 2017	<u>0.3</u>	<u>\$ 13.45</u>
Options exercisable at December 31, 2017	<u>0.3</u>	<u>\$ 13.45</u>

Approximately one-half of the stock options granted during 2012 vested in two years and the remaining vested in three years. The Company used a Black-Scholes option pricing model to calculate the fair value of stock options granted. For the 2012 grants, the weighted average fair value at grant date of \$3.43 per option granted included assumptions of a strike price of \$12.79, a 30.74% implied volatility, an expected term of 4.5 years, a risk-free rate of 0.76%, and a dividend yield of 0.00%. These 2012 option grants were fully expensed as of December 31, 2016, and resulted in stock compensation expense of less than \$0.1 in 2015. Expected volatility is based on the unbiased standard deviation of the Company's common shares over the option term. The expected life of the options represents the period of time that the Company expects the options granted to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant of the option for the expected term of the instrument. The dividend yield reflects an estimate of dividend payouts over the term of the award. As of December 31, 2017, all outstanding stock options are fully vested and the related expense has been fully recognized.

The weighted average grant date fair value per share for the outstanding and exercisable options at December 31, 2017 was \$3.86.

The following table summarizes the status of the Company stock options outstanding and exercisable at December 31, 2017:

Shares (in millions)	Options Outstanding			Options Exercisable		
	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
Range of Exercise Prices						
\$12.79 to \$13.76	0.3	3.4	13.45	0.3	3.4	13.45
Total	0.3	3.4	\$ 13.45	0.3	3.4	\$ 13.45

The aggregate intrinsic value of stock options exercised was \$1.0 in 2017, \$0.6 in 2016 and \$2.7 in 2015. The actual tax benefit realized from the exercised stock options was \$0.2 in 2017, \$0.1 in 2016 and \$0.6 in 2015. As of December 31, 2017, the aggregate intrinsic value was \$3.3 for both stock options outstanding and exercisable. Intrinsic value represents the Company's closing price on the last trading day of the year in excess of the weighted average exercise price for those tranches of options with a weighted average exercise price less than the closing price multiplied by the number of options outstanding or exercisable.

11. COMMITMENTS AND CONTINGENCIES

Commitments

The Company leases certain facilities and equipment used in its operations. Total rent expense was \$143.4, \$135.0 and \$129.3 in 2017, 2016 and 2015, respectively.

At December 31, 2017, the total minimum rental commitments under non-cancelable operating leases are as follows:

2018	\$104.9
2019	85.0
2020	66.7
2021	50.8
2022	35.5
Thereafter	79.0
Total	\$421.9

At December 31, 2017, the Company had outstanding letters of credit and bond obligations of \$13.6 related to performance guarantees, of which \$12.1 is set to expire by the end of 2018, \$1.1 is set to expire within one to three years and \$0.4 is set to expire after three years. The Company believes that any guarantee obligation that may arise will not be material. The Company also has future purchase commitments with telecommunication and transportation providers for the next twelve months of \$20.1 at December 31, 2017.

Contingencies

The Company, from time to time, is subject to various loss contingencies, including tax and legal contingencies that arise in the ordinary course of business. The Company accrues for a loss contingency when it is probable that a liability has been incurred and the amount of such loss can be reasonably estimated. At this time, the Company believes that any such contingencies, either individually or in the aggregate, will not have a materially adverse effect on the Company's results of operations or financial condition. However, the outcome of litigation cannot be predicted with certainty, and unfavorable resolution of one or more pending matters could have a materially adverse impact on the Company's results of operations or financial condition in the future.

12. FINANCIAL INSTRUMENTS

Derivative Instruments

The Company is exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company's risk management strategy includes the use of derivative instruments to reduce the effects on its operating results and cash flows from fluctuations caused by volatility in currency exchange rates.

The Company serves many of its U.S.-based clients using contact center capacity outside of the U.S. Although the contracts with these clients are typically priced in U.S. dollars, a substantial portion of the costs incurred to deliver services under these contracts are denominated in the local currency of the country where services are provided, which represents a foreign exchange exposure. The Company has hedged a portion of its exposure related to the anticipated cash flow requirements denominated in some of the aforementioned foreign currencies by entering into hedging contracts with several financial institutions to acquire a total of PHP 32,040.0 at a fixed price of \$634.8 at various dates through September 2020, INR 10,170.0 at a fixed price of \$140.1 at various dates through June 2020, CAD 38.0 at a fixed price of \$28.6 at various dates through December 2019 and COP 40,200.0 at a fixed price of \$12.7 at various dates through June 2019, and to sell a total of AUD 24.8 at a fixed price of \$19.3 at various dates through October 2018. These instruments mature within the next 33 months and had a notional value of \$835.5 at December 31, 2017 and \$959.0 at December 31, 2016. The derivative instruments discussed above are designated and are effective as cash flow hedges. The following table reflects the fair values of these derivative instruments:

	At December 31,	
	2017	2016
Forward exchange contracts and options designated as hedging instruments:		
Included within other current assets	\$ 14.5	\$ 3.0
Included within other non-current assets	8.7	2.3
Included within other current liabilities	7.7	31.3
Included within other long-term liabilities	1.7	15.4

The Company recorded a deferred tax expense of \$3.6 and deferred tax benefit of \$15.9 related to these derivatives at December 31, 2017 and 2016, respectively. A total of \$10.4 of deferred gains, net of tax, related to these cash flow hedges at December 31, 2017 were included in accumulated other comprehensive income (OCI), compared to \$25.5 of deferred losses, net of tax, that were included in accumulated other comprehensive loss (OCL) at December 31, 2016. As of December 31, 2017, deferred gains of \$6.8 (\$5.1 net of tax) on derivative instruments included in accumulated OCI are expected to be reclassified into earnings during the next 12 months.

The following tables provide the effect of these derivative instruments on the Company's Consolidated Financial Statements during 2017 and 2016, respectively:

2017:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCL on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)
Foreign exchange contracts	\$ 35.0	(\$ 20.3)	Cost of providing services and products sold and Selling, general and administrative

2016:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCL on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)
Foreign exchange contracts	(\$ 25.5)	(\$ 26.4)	Cost of providing services and products sold and Selling, general and administrative

The gain or loss recognized related to the ineffective portion of the derivative instruments was immaterial for the years ended December 31, 2017 and 2016.

During 2017, 2016 and 2015, the Company recorded net losses of \$20.3, \$26.4 and \$25.2, respectively, related to the settlement of forward contracts that were designated as cash flow hedges.

The Company also enters into derivative instruments (forwards) to economically hedge the foreign currency impact of assets and liabilities denominated in nonfunctional currencies. During the year ended December 31, 2017, a loss of \$19.6 was recognized related to changes in fair value of these derivative instruments not designated as hedges, compared to a gain of \$5.5 in the same period in 2016. The gains and losses largely offset the currency gains and losses that resulted from changes in the assets and liabilities denominated in nonfunctional currencies. These gains and losses are classified within other income, net in the accompanying Consolidated Statements of Income. The fair value of these derivative instruments not designated as hedges at December 31, 2017, was a \$8.9 payable.

The aggregate fair value of all derivative instruments in a liability position at December 31, 2017 was \$19.2 for which the Company has no posted collateral.

Short-term Investments

As of December 31, 2017 and 2016, the Company held investment securities with a fair value of \$13.5 and \$12.4, respectively, that are held in a grantor trust for the benefit of participants in the EDCP and reflect the hypothetical investment balances of EDCP participants. The securities are classified as trading securities and included within short-term investments in the Consolidated Balance Sheets. The investment securities include exchange-traded mutual funds and money market accounts. These securities are carried at fair value, with gains and losses, both realized and unrealized, reported in other income (expense), net in the Consolidated Statements of Income. The cost of securities sold is based upon the specific identification method. Interest and dividends on securities classified as trading are included in other income (expense), net.

13. FAIR VALUE MEASUREMENTS

U.S. GAAP defines a hierarchy which prioritizes the inputs in measuring fair value. The three levels of the fair value hierarchy are as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical

assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and Level 3 inputs are unobservable inputs based on the Company's assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

At December 31, 2017 and 2016, the Company had foreign currency forward contracts measured at fair value. The fair values of these instruments were measured using valuations based upon quoted prices for similar assets and liabilities in active markets (Level 2) and are valued by reference to similar financial instruments, adjusted for terms specific to the contracts. There were no transfers between the three levels of the fair value hierarchy during the years ended December 31, 2017 and 2016. The derivative assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2016 were as follows:

	<u>December 31, 2017</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 24.2	\$ —	\$ 24.2	\$ —
Foreign currency forward contracts (liability position)	\$ 19.2	\$ —	\$ 19.2	\$ —

	<u>December 31, 2016</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 5.6	\$ —	\$ 5.6	\$ —
Foreign currency forward contracts (liability position)	\$ 49.0	\$ —	\$ 49.0	\$ —

The Company also had investment securities held in a grantor trust for the benefit of participants of the EDCP measured at fair value at December 31, 2017 and December 31, 2016. These investments are recorded as short-term investments on the Consolidated Balance Sheets. The fair value of these instruments was measured using the quoted prices in active markets for identical assets (Level 1). There were no transfers between the three levels of the fair value hierarchy during the years ended December 31, 2017 and 2016. The assets measured at fair value on a recurring basis as of December 31, 2017 and 2016 were as follows:

	December 31, 2017	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 12.4	\$ 12.4	\$ —	\$ —
Money market accounts	1.1	1.1	—	—
Total	\$ 13.5	\$ 13.5	\$ —	\$ —
	December 31, 2016	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 10.5	\$ 10.5	\$ —	\$ —
Convergys common stock	1.3	1.3	—	—
Money market accounts	0.6	0.6	—	—
Total	\$ 12.4	\$ 12.4	\$ —	\$ —

14. INCOME TAXES

The Company's provision for income taxes from continuing operations consists of the following:

	Year Ended December 31,		
	2017	2016	2015
Current:			
United States federal	\$ 32.7	\$ 0.1	(\$ 21.3)
Non-U.S.	20.2	40.5	25.3
State and local	2.9	2.4	—
Total current	55.8	43.0	4.0
Deferred:			
United States federal	(35.0)	14.7	6.0
Non-U.S.	29.5	(5.0)	(4.3)
State and local	8.1	0.2	2.9
Total deferred	2.6	9.9	4.6
Total	\$ 58.4	\$ 52.9	\$ 8.6

The Company's combined pre-tax earnings from continuing operations relating to non-U.S. subsidiaries or branches were \$153.2, \$156.1 and \$139.5 during 2017, 2016 and 2015, respectively.

The 2017 Tax Act was signed into law on December 22, 2017. The 2017 Tax Act significantly revises the U.S. corporate income tax by, among other things, lowering the statutory corporate tax rate from 35% to 21% in

2018, eliminating certain deductions, imposing a mandatory one-time transition tax, or deemed repatriation tax, on accumulated earnings of foreign subsidiaries as of 2017 that were previously tax deferred, introducing new tax regimes, and changing how foreign earnings are subject to U.S. tax. While the effective date of the new corporate tax rates for the Company is January 1, 2018, the Company is required to calculate the effects of changes in tax rates and laws on deferred tax balances (including the effects of the one-time transition tax) in 2017, the period in which the legislation was enacted. The Company has not completed its determination of the accounting implications of the 2017 Tax Act on its tax accruals. However, the Company has reasonably estimated the effects of the 2017 Tax Act to be an increase in income tax expense of \$34.1. The Company recorded the \$34.1 income tax expense as a provisional estimate of the 2017 Tax Act in the consolidated financial statements as of December 31, 2017. The significant components of this expense include (i) the remeasurement of net deferred tax liabilities at the lower enacted U.S. federal corporate tax rate, which resulted in a net \$97.9 decrease in income tax expense; (ii) a \$20.3 net tax expense comprised of foreign withholding taxes related to certain non-U.S. earnings subject to repatriation offset by reversal of a deferred tax liability on previously undistributed foreign earnings; and (iii) the deemed repatriation tax on unremitted non-U.S. earnings and profits that were previously tax deferred and other tax impacts of the 2017 Tax Act, which resulted in a \$111.7 increase in income tax expense, net of deductions and credits. The Company has not completed its analysis of the tax impact of the currency translation adjustment related to the change in indefinite reinvestment assertion as the computation is significantly impacted by the provisional estimates discussed above. As the Company completes its analysis of the 2017 Tax Act, collects and prepares necessary data, and interprets any additional guidance issued by the U.S. Treasury Department, the IRS, and other standard-setting bodies, the Company may make adjustments to the provisional amounts. Those adjustments may materially impact the Company's provision for income taxes in the period in which the adjustments are made.

The following is a reconciliation of the statutory federal income tax rate with the effective tax rate from continuing operations for the tax expense in 2017, 2016 and 2015, respectively:

	Year Ended December 31,		
	2017	2016	2015
U.S. federal statutory rate	35.0%	35.0%	35.0%
Permanent differences	3.1	4.5	2.3
State and local income taxes, net of federal income tax	1.1	0.9	1.1
International rate differential, including tax holidays	(24.5)	(24.5)	(21.2)
Non-U.S. valuation allowances	2.4	2.1	1.0
Adjustments for uncertain tax positions	(1.0)	(0.2)	(12.9)
Legal entity restructuring charges	—	2.3	—
Tax credits and other	(3.6)	(0.1)	0.6
Foreign repatriation, net of foreign tax credits	1.1	8.5	(1.0)
Impact of the 2017 Tax Act			
Deemed repatriation of non-U.S. earnings, net of foreign tax credits, and other	62.1	—	—
Non-U.S. withholding taxes related to certain non-U.S. earnings subject to repatriation	11.3	—	—
Remeasurement of U.S. net deferred tax liabilities from 35% to 21%	(54.5)	—	—
Effective rate	<u>32.5%</u>	<u>28.5%</u>	<u>4.9%</u>

The increase in the effective income tax rate in 2017 was primarily due to additional tax expense of \$34.1 related to enactment of the 2017 Tax Act. This additional expense included \$20.3 of net tax expense to record the deferred tax liability associated with a change in classification for a portion of undistributed earnings of the Company's foreign subsidiaries, reflecting management's plans to repatriate certain undistributed earnings of the Company's foreign subsidiaries. This increase in the 2017 effective income tax rate was slightly offset by a shift in the geographical mix of worldwide income. The 2016 effective income tax rate was driven by the restructuring of the Company's legal entity structure and repatriation of earnings into primarily non-U.S. jurisdictions to provide the Company with increased flexibility to manage its strategic priorities.

The 2017 Tax Act imposes a mandatory one-time tax on certain accumulated earnings of non-U.S. subsidiaries and, as a result, all previously undistributed earnings have now been subjected to U.S. tax. Notwithstanding the U.S. taxation of these amounts, the Company recorded deferred tax liabilities of \$34.9 related to non-U.S. withholding taxes related to certain earnings likely to be repatriated in the future. As of December 31, 2017, the Company had \$390.6 of undistributed earnings of its non-U.S. subsidiaries for which it has not provided for non-U.S. withholding taxes because such earnings are intended to be reinvested indefinitely. It is not practicable to determine the amount of applicable taxes that would be due if such earnings were distributed.

The Company's non-U.S. taxes for 2017, 2016 and 2015 included \$5.2, \$5.1 and \$6.3, respectively, of benefit derived from tax holidays in the Philippines, the Dominican Republic, Costa Rica, El Salvador, Malaysia, Honduras, Nicaragua and Tunisia. This resulted in (2.9)%, (2.8)% and (3.6)% impact to the effective tax rate in 2017, 2016 and 2015, respectively. The tax holidays in the Philippines began to expire in 2017 and will continue to expire through 2020. The Company will apply to extend these tax holidays for additional terms of one to two years in accordance with local law. The tax holiday in Malaysia expired October 2, 2017.

The components of deferred tax assets and liabilities are as follows:

	At December 31,	
	2017	2016
Deferred tax assets:		
Loss and credit carryforwards	\$ 84.9	\$ 95.0
Pension and employee benefits	32.1	35.4
Deferred revenue	3.8	6.0
Foreign currency hedges	—	15.9
Intercompany payables/receivables	0.2	57.2
Other	25.5	27.9
Valuation allowances	(49.1)	(37.6)
Total deferred tax assets	97.4	199.8
Deferred tax liabilities:		
Depreciation and amortization	177.7	270.5
Contingent debt and accrued interest	67.4	89.5
Foreign currency hedges	3.5	—
Unremitted non-U.S. earnings	42.0	15.9
Other	8.1	4.0
Total deferred tax liabilities	298.7	379.9
Net deferred tax liabilities	(\$201.3)	(\$180.1)

The Company recorded a provisional adjustment to its U.S. federal deferred income tax assets and liabilities as of December 31, 2017 to reflect the reduction in the U.S. federal corporate income tax rate from 35% to 21% resulting from the 2017 Tax Act.

Deferred tax assets and liabilities in the preceding table, after netting by taxing jurisdiction, are in the following captions in the Consolidated Balance Sheets at December 31, 2017 and 2016.

	At December 31,	
	2017	2016
Non-current deferred tax asset	\$ 21.3	\$ 17.7
Non-current deferred tax liability	222.6	197.8
Total deferred tax liability	(\$201.3)	(\$180.1)

As of December 31, 2017 and 2016, \$16.9 and \$11.3, respectively, of the valuation allowances relate to the Company's non-U.S. operations.

As of December 31, 2017, the Company has federal, state, and non-U.S. operating loss carryforwards of \$43.1, \$840.2 and \$90.2, respectively. The federal operating loss carryforwards and state operating loss carryforwards expire between 2018 and 2037. The non-U.S. operating loss carryforwards include \$35.7 with no expiration date; the remainder will expire between 2018 and 2036. The federal and state operating loss carryforwards include losses of \$41.4 and \$101.6, respectively, which were acquired in connection with business combinations. Utilization of the acquired federal and state tax loss carryforwards may be limited pursuant to Section 382 of the Internal Revenue Code of 1986.

As of December 31, 2017 and 2016, the liability for unrecognized tax benefits was \$21.3 and \$20.8, respectively, including \$11.9 and \$11.5 of accrued interest and penalties, respectively, and is recorded in Other long-term liabilities in the Consolidated Balance Sheets. The total amount of net unrecognized tax benefits that would affect income tax expense, if ever recognized in the Consolidated Financial Statements, is \$17.2. This amount includes net interest and penalties of \$9.7. The Company's policy is to recognize interest and penalties accrued on unrecognized tax benefits as part of income tax expense. During 2017, the Company recognized a net benefit of \$0.1 in interest and penalties, compared to a net benefit of \$0.6 during 2016. The net benefit of \$0.1 in 2017 includes \$0 of expense related to interest and penalties accrued on positions still outstanding as of December 31, 2017.

A reconciliation of the beginning and ending total amounts of unrecognized tax benefits (exclusive of interest and penalties) is as follows:

	2017	2016
Balance at January 1	\$10.5	\$ 21.6
Additions based on tax positions related to the current year	0.6	0.4
Additions for tax positions of prior years	0.2	0.3
Settlements	(1.0)	0.4
Reductions for tax positions of prior years	(0.2)	—
Lapse of statutes of limitations	(0.7)	(12.2)
Balance at December 31	<u>\$ 9.4</u>	<u>\$ 10.5</u>

The liability for unrecognized tax benefits related to discontinued operations at December 31, 2017 and 2016 was \$1.5 and \$1.3, respectively.

The Company is currently attempting to resolve income tax audits relating to prior years in various jurisdictions. The Company has received assessments from these jurisdictions related to transfer pricing and deductibility of expenses. The Company believes that it is appropriately reserved with regard to these assessments as of December 31, 2017. Furthermore, the Company believes that it is reasonably possible that the total amounts of unrecognized tax benefits including interest will decrease between \$0.6 and \$16.2 prior to December 31, 2018, based upon resolution of audits; however, actual developments could differ from those currently expected.

The Company files income tax returns in the U.S. federal jurisdiction, and various states and non-U.S. jurisdictions. With a few exceptions, the Company is no longer subject to examinations by tax authorities for years before 2002.

15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive income (loss):

	Foreign Currency	Derivative Financial Instruments	Pension Liability	Total
Balance at December 31, 2015	(\$ 38.2)	(\$ 26.1)	(\$ 37.5)	(\$101.8)
Other comprehensive (loss) income before reclassifications, net of tax	(18.4)	(15.7)	(1.0)	(35.1)
Settlement of pension obligation, net of tax	—	—	3.0	3.0
Amounts reclassified from accumulated other comprehensive income, net of tax	—	16.3	3.8	20.1
Net current-period other comprehensive (loss) income	(18.4)	0.6	5.8	(12.0)
Balance at December 31, 2016	(\$ 56.6)	(\$ 25.5)	(\$ 31.7)	(\$113.8)
Other comprehensive income (loss) before reclassifications, net of tax	21.2	23.4	(14.7)	29.9
Settlement of pension obligation, net of tax	—	—	1.5	1.5
Amounts reclassified from accumulated other comprehensive income, net of tax	—	12.5	3.3	15.8
Net current-period other comprehensive income	21.2	35.9	(9.9)	47.2
Balance at December 31, 2017	(\$ 35.4)	\$ 10.4	(\$ 41.6)	(\$ 66.6)

The following table summarizes the reclassification out of accumulated other comprehensive income (loss):

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	Affected Line Item in the Consolidated Statements of Income
2017:		
Loss on derivative instruments	(\$ 20.3)	Cost of providing services and products sold and Selling, general and administrative
Tax benefit	7.8	Income tax expense
Loss on derivative instruments, net of tax	(12.5)	Income from Continuing Operations, net of tax
Adjustments of pension and other post employment obligations	(8.0)	Selling, general and administrative
Tax benefit	3.2	Income tax expense
Adjustment of pension and other post employment obligations, net of tax	(4.8)	Income from Continuing Operations, net of tax
Total reclassifications for the period	<u>(\$ 17.3)</u>	
2016:		
Loss on derivative instruments	(\$ 26.4)	Cost of providing services and products sold and Selling, general and administrative
Tax benefit	10.1	Income tax expense
Loss on derivative instruments, net of tax	(16.3)	Income from Continuing Operations, net of tax
Adjustments of pension and other post employment obligations	(10.9)	Selling, general and administrative
Tax benefit	4.1	Income tax expense
Adjustment of pension and other post employment obligations, net of tax	(6.8)	Income from Continuing Operations, net of tax
Total reclassifications for the period	<u>(\$ 23.1)</u>	

16. ADDITIONAL FINANCIAL INFORMATION

	At December 31,	
	2017	2016
Property and equipment, net:		
Land	\$ 6.9	\$ 6.9
Buildings	104.8	104.8
Leasehold improvements	348.4	325.9
Equipment	538.2	552.1
Software	350.0	366.7
Construction in progress and other	26.2	32.8
	1,374.5	1,389.2
Less: Accumulated depreciation	(1,114.5)	(1,085.1)
	<u>\$ 260.0</u>	<u>\$ 304.1</u>
Payables and other current liabilities:		
Accounts payable	\$ 41.3	\$ 53.9
Accrued income and other taxes	41.9	44.1
Accrued payroll-related expenses	131.6	132.0
Derivative liabilities	17.6	33.6
Accrued expenses, other	63.5	63.7
Restructuring and exit costs	8.7	0.8
Deferred revenue and government grants	17.5	17.7
	<u>\$ 322.1</u>	<u>\$ 345.8</u>

17. INDUSTRY SEGMENT AND GEOGRAPHIC OPERATIONS

Geographic Operations

The following table presents certain geographic information regarding the Company's operations. The Company attributes revenues from external customers to the country of domicile of the Convergys legal entity that is party to each customer contract.

	Year Ended December 31,		
	2017	2016	2015
Revenues:			
United States	\$2,066.6	\$2,321.2	\$2,385.6
Rest of World	725.5	592.4	565.0
	<u>\$2,792.1</u>	<u>\$2,913.6</u>	<u>\$2,950.6</u>
		At December 31,	
		2017	2016
Long-lived Assets:			
United States		\$ 832.6	\$ 869.3
Philippines		176.5	192.6
Rest of World		547.9	525.1
		<u>\$1,557.0</u>	<u>\$1,587.0</u>

Concentrations

The Company derives significant revenues from AT&T. Revenues from AT&T (including DIRECTV in all years) were 16.8%, 20.5% and 21.3% of the Company's consolidated revenues from continuing operations for

2017, 2016 and 2015, respectively. Related accounts receivable from AT&T totaled \$69.4 and \$93.7 at December 31, 2017 and 2016, respectively. No other client accounted for more than 10% of our consolidated revenues for 2017, 2016 or 2015.

16. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter(a)	Total
2017:					
Revenues	\$727.6	\$686.8	\$688.3	\$ 689.4	\$2,792.1
Operating Income	48.8	48.8	48.1	51.5	197.2
Net Income	37.9	39.8	34.8	8.9	121.4
Basic Earnings Per Common Share	\$ 0.40	\$ 0.42	\$ 0.38	\$ 0.10	\$ 1.30
Diluted Earnings Per Common Share	\$ 0.38	\$ 0.40	\$ 0.35	\$ 0.09	\$ 1.22
2016:					
Revenues	\$722.2	\$692.3	\$741.2	\$ 757.9	\$2,913.6
Operating Income	60.4	46.3	50.6	57.2	214.6
Income from Continued Operations, net of tax	44.5	33.2	37.7	17.5	133.0
Income from Discontinued Operations, net of tax	—	—	10.0	—	10.0
Net Income	44.5	33.2	47.7	17.5	143.0
Basic Earnings Per Common Share:					
Continuing Operations	\$ 0.46	\$ 0.35	\$ 0.39	\$ 0.18	\$ 1.39
Discontinued Operations	—	—	0.11	—	0.10
Basic Earnings Per Common Share	\$ 0.46	\$ 0.35	\$ 0.50	\$ 0.18	\$ 1.49
Diluted Earnings Per Common Share					
Continuing Operations	\$ 0.43	\$ 0.32	\$ 0.36	\$ 0.17	\$ 1.30
Discontinued Operations	—	—	0.10	—	0.10
Basic Earnings Per Common Share	\$ 0.43	\$ 0.32	\$ 0.46	\$ 0.17	\$ 1.40

- (a) Fourth quarter 2017 includes a decrease in operating income of \$8.2 resulting from \$0.4 of integration-related expenses associated with Convergys' acquisition of Stream and buw, \$0.6 of depreciation expense resulting from the fair value write-up of property and equipment acquired from Stream and buw and \$7.2 of amortization expense related to acquired intangible assets. Fourth quarter 2017 also includes a \$0.5 pension settlement charge and a \$32.3 net impact to income tax expense resulting from the enactment of the 2017 Tax Act.
- (b) Fourth quarter 2016 includes a decrease in operating income of \$9.9 resulting from \$1.4 of integration-related expenses associated with Convergys' acquisition of Stream and buw, \$0.1 of expense associated with the acquisition of buw, \$1.1 of depreciation expense resulting from the fair value write-up of property and equipment acquired from Stream and buw and \$7.3 of amortization expense related to acquired intangible assets. Fourth quarter 2016 also includes a \$4.8 pension settlement charge and \$20.3 of tax expense associated with the restructuring of the Company's legal entity structure and repatriation of earnings into primarily non-U.S. jurisdictions that provided the Company with increased flexibility to manage its strategic priorities.

The sum of the quarterly earnings per common share may not equal the annual amounts reported because per share amounts are computed independently for each quarter and for full year based on respective weighted-average common shares outstanding and other dilutive potential common shares.

CONVERGYS CORPORATION

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(In millions)

Description	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Expense	Acquisition and Other Changes		
Year 2017					
Allowance for Doubtful Accounts	\$ 5.8	\$ 5.1	\$ —	(\$ 6.1)[a]	\$ 4.8
Deferred Tax Asset Valuation Allowance	\$ 37.6	\$ 14.2[b]	\$ —	(\$ 2.7)[c]	\$ 49.1
Year 2016					
Allowance for Doubtful Accounts	\$ 5.3	\$ 6.2	\$ 0.6	(\$ 6.3)[a]	\$ 5.8
Deferred Tax Asset Valuation Allowance	\$ 36.2	\$ 3.6[d]	\$ —	(\$ 2.2)[e]	\$ 37.6
Year 2015					
Allowance for Doubtful Accounts	\$ 8.1	\$ 4.2	\$ —	(\$ 7.0)[a]	\$ 5.3
Deferred Tax Asset Valuation Allowance	\$ 39.3	\$ 3.1[d]	\$ —	(\$ 6.2)[e]	\$ 36.2

[a] Primarily includes amounts written-off as uncollectible.

[b] Primarily relates to valuation allowances recorded for state operating loss carryforwards, foreign operating loss carryforwards, and capital loss carryforwards, as well as the impact of a reduction in the U.S. federal benefit of state income tax as a result of the reduction in the U.S. federal tax rate from 35% to 21%.

[c] Primarily relates to the impact on existing valuation allowances of the U.S. federal tax rate reduction from 35% to 21%.

[d] Amounts related to valuation allowances recorded for state and non-U.S. operating loss carryforwards and capital loss carryforwards.

[e] Primarily includes the release of state and non-U.S. valuation allowances related to the utilization of net operating losses and adjustments of valuation allowances related to state net operating losses and state tax credits.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CONVERGYS CORPORATION

CONVERGYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Amounts in millions except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues	\$654.1	\$ 688.3	\$1,977.7	\$2,102.8
Costs and Expenses:				
Cost of providing services and products sold(1)	408.3	428.1	1,233.8	1,305.1
Selling, general and administrative	170.4	175.5	512.1	527.1
Depreciation	20.2	26.2	66.0	80.6
Amortization	6.1	7.2	19.2	21.7
Restructuring charges	2.6	2.4	31.4	19.1
Transaction and integration costs	14.1	0.8	24.3	3.4
Total costs and expenses	<u>621.7</u>	<u>640.2</u>	<u>1,886.8</u>	<u>1,957.0</u>
Operating Income	32.4	48.1	90.9	145.8
Other income, net	(1.0)	(1.6)	0.5	1.2
Interest expense	(3.6)	(4.5)	(12.2)	(14.0)
Income before Income Taxes	<u>27.8</u>	<u>42.0</u>	<u>79.2</u>	<u>133.0</u>
Income tax expense	8.4	7.2	16.1	20.5
Net Income	\$ 19.4	\$ 34.8	\$ 63.1	\$ 112.5
Basic Earnings per Common Share	\$ 0.21	\$ 0.38	\$ 0.69	\$ 1.20
Diluted Earnings per Common Share	\$ 0.20	\$ 0.35	\$ 0.64	\$ 1.12
Weighted Average Common Shares Outstanding:				
Basic	91.1	92.8	91.3	93.6
Diluted	98.1	99.8	98.4	100.7
Cash dividends declared per share	\$ 0.11	\$ 0.10	\$ 0.22	\$ 0.19

(1) Exclusive of depreciation and amortization, with the exception of amortization of deferred charges.

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONVERGYS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

<i>(In millions)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net Income	\$ 19.4	\$ 34.8	\$ 63.1	\$ 112.5
Other Comprehensive (Loss) Income, net of tax:				
Foreign currency translation adjustments	(5.1)	5.7	(11.5)	18.2
Change related to pension liability	1.6	(0.1)	(1.3)	1.6
Unrealized (loss) gain on hedging activities	(2.1)	2.1	(33.7)	17.8
Total other comprehensive (loss) income	(5.6)	7.7	(46.5)	37.6
Total Comprehensive (Loss) Income	\$ 13.8	\$ 42.5	\$ 16.6	\$ 150.1

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONVERGYS CORPORATION
CONSOLIDATED BALANCE SHEETS

(Amounts in millions)	(Unaudited) At September 30, 2018	At December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 99.1	\$ 193.7
Short-term investments	13.0	13.5
Receivables, net of allowances of \$3.5 and \$4.8	544.7	567.2
Prepaid expenses	44.9	35.9
Other current assets	54.9	47.4
Total current assets	756.6	857.7
Property and equipment, net	230.0	260.0
Goodwill	930.9	937.9
Other intangibles, net	265.0	287.3
Deferred income tax assets	31.6	21.3
Other assets	39.2	50.5
Total Assets	\$ 2,253.3	\$ 2,414.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Debt and capital lease obligations maturing within one year	\$ 0.3	\$ 0.9
Payables and other current liabilities	335.4	322.1
Total current liabilities	335.7	323.0
Long-term debt and capital lease obligations	150.9	267.7
Deferred income tax liabilities	199.5	222.6
Accrued pension liabilities	92.8	94.7
Other long-term liabilities	41.6	69.5
Total liabilities	820.5	977.5
Convertible debentures conversion feature	57.9	59.5
Shareholders' Equity:		
Preferred shares—without par value, 5.0 authorized; none issued or outstanding	—	—
Common shares—without par value, 500.0 authorized; 92.9 and 92.5 issued, 91.1 and 91.8 outstanding, as of September 30, 2018 and December 31, 2017, respectively	13.1	2.5
Treasury stock—1.8 and 0.6 shares as of September 30, 2018 and December 31, 2017, respectively	(42.8)	(16.0)
Retained earnings	1,522.5	1,457.8
Accumulated other comprehensive loss	(118.0)	(66.6)
Total shareholders' equity	1,432.8	1,377.7
Total Liabilities and Shareholders' Equity	\$ 2,253.3	\$ 2,414.7

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONVERGYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Amounts in millions)	Nine Months Ended	
	September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 63.1	\$ 112.5
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	85.2	102.3
Deferred income tax benefit	(0.3)	(13.2)
Stock compensation expense	12.3	12.5
Changes in assets and liabilities, net of acquisitions:		
Change in receivables	22.5	(8.2)
Change in other current assets	(16.0)	2.6
Change in deferred charges, net	(0.5)	0.3
Change in other assets and liabilities	(29.5)	(1.3)
Change in payables and other current liabilities	(14.6)	(21.4)
Net cash provided by operating activities	<u>122.2</u>	<u>186.1</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(41.8)	(44.9)
Net proceeds from sale of joint venture interest previously acquired in the buw acquisition	—	0.7
Net cash used in investing activities	<u>(41.8)</u>	<u>(44.2)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of other long-term debt (term loan)	—	100.0
Repayments of other long-term debt (term loan and capital lease obligations)	(101.4)	(216.4)
Proceeds from Asset Securitization Facility	666.9	643.7
Repayment of Asset Securitization Facility	(685.0)	(548.7)
Repurchase of common shares	(27.1)	(65.9)
Proceeds from exercise of stock options	—	0.8
Payments of dividends	(28.4)	(26.4)
Net cash used in financing activities	<u>(175.0)</u>	<u>(112.9)</u>
Net (decrease) increase in cash and cash equivalents	<u>(94.6)</u>	<u>29.0</u>
Cash and cash equivalents at beginning of period	193.7	138.8
Cash and cash equivalents at end of period	<u>\$ 99.1</u>	<u>\$ 167.8</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in millions except per share amounts)

1. BACKGROUND AND BASIS OF PRESENTATION

Convergys Corporation (Convergys or the Company) is a global leader in customer experience outsourcing, focused on bringing value to its clients through every customer interaction. As of September 30, 2018, Convergys had approximately 110,000 employees in 33 countries, interacting with our clients' customers in 58 languages. In order to help clients serve their customers, Convergys operates 133 contact centers. Convergys leverages its geographic footprint and comprehensive capabilities to help leading companies create quality customer experiences across multiple interaction channels, such as voice, chat, email and interactive voice response.

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting (U.S. GAAP) and U.S. Securities and Exchange Commission (SEC) regulations and, in the opinion of management, include all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows for each period shown. All adjustments are of a normal and recurring nature. Certain information and footnote disclosures normally included in Financial Statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted. Interim Consolidated Financial Statements are not necessarily indicative of the financial position or operating results for an entire year. These interim Consolidated Financial Statements should be read in conjunction with the audited Financial Statements and the Notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 21, 2018.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In July 2018, the Financial Accounting Standards Board FASB issued Accounting Standards Update (ASU) 2018-09, *Codification Improvements*. This standard does not prescribe any new accounting guidance, but instead makes minor improvements and clarifications of several different FASB Accounting Standards Codification areas based on comments and suggestions made by various stakeholders. Certain updates are applicable immediately while others provide for a transition period to adopt as part of the next fiscal year beginning after December 15, 2018. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This ASU permits companies to reclassify disproportionate tax effects in accumulated other comprehensive income (AOCI) caused by the Tax Cuts and Jobs Act of 2017 (the 2017 Tax Act) to retained earnings. The Company elected to early adopt this standard as of January 1, 2018, on a prospective basis, resulting in a \$6.0 reclassification adjustment, using a specific identification method, that increased retained earnings and decreased AOCI.

In May 2017, the FASB issued ASU 2017-09, *Stock Compensation—Scope of Modification Accounting*. This ASU clarifies which changes to the terms or conditions of a share-based payment award require the application of modification accounting under ASC 718. The Company adopted this standard as of January 1, 2018. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*. This ASU eliminates the two-step process that required identification of potential impairment and a separate measure of the actual impairment. Goodwill impairment charges, if any, would be determined by the difference between a reporting unit's carrying value and its fair value (impairment loss is limited to the carrying value). This standard is effective for annual or any interim goodwill impairment tests beginning after December 15, 2019. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*. The objective of this update is to provide additional guidance and reduce diversity in practice when classifying certain transactions within the statement of cash flows. In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This new standard requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. These standards are effective for financial statements issued for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company adopted these standards as of January 1, 2018 utilizing the retrospective transition method. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU will require lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842 (Leases)*, which provides narrow amendments to clarify how to apply certain aspects of the new lease standard. Both standards are effective for fiscal years beginning after December 15, 2018, including interim periods within those annual periods and are to be applied utilizing a modified retrospective approach. The Company will adopt these standards on January 1, 2019 and is currently assessing the effects that adoption of the new standards will have on its consolidated financial statements and related disclosures, as well as its processes, systems and internal controls. The Company currently expects adoption of these standards will result in a material increase to the assets and liabilities reported on the Company's Consolidated Balance Sheets.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard applies one comprehensive revenue recognition model across all contracts, entities and sectors. The core principal of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard includes cost guidance, whereby all direct and incremental costs to obtain or fulfill a contract with a customer are capitalized and amortized over the corresponding period of benefit. The Company adopted this standard for all contracts with customers outstanding on January 1, 2018 using the modified retrospective adoption method, which resulted in a \$3.2 adjustment to the opening balance of retained earnings. Results for reporting periods after January 1, 2018 are presented under ASU 2014-09, while prior period amounts are not adjusted and continue to be reported in accordance with the accounting standards in effect for those periods. The largest adoption impacts to the Company's consolidated financial statements resulted from the new qualitative and quantitative disclosures provided in Note 4, and the capitalization of certain direct and incremental contract costs that are now being capitalized and amortized over the estimated period of benefit of the corresponding contracts. The new standard does not have an impact on the timing or revenue recognition pattern of any of our identified revenue streams. The cumulative effect of the changes made to our January 1, 2018 Consolidated Balance Sheet for the adoption of ASU 2014-09 were as follows:

<u>Consolidated Balance Sheet Caption</u>	<u>Balance at December 31, 2017</u>	<u>Adjustments Due to ASU 2014-09</u>	<u>Balance at January 1, 2018</u>
Assets			
Other current assets	\$ 47.4	\$ 2.0	\$ 49.4
Total current assets	\$ 857.7	\$ 2.0	\$ 859.7
Other assets	\$ 50.5	\$ 2.3	\$ 52.8
Total Assets	\$ 2,414.7	\$ 4.3	\$ 2,419.0
Liabilities and Shareholders' Equity			
Deferred income tax liabilities	\$ 222.6	\$ 1.1	\$ 223.7
Total liabilities	\$ 977.5	\$ 1.1	\$ 978.6
Retained Earnings	\$ 1,457.8	\$ 3.2	\$ 1,461.0
Total shareholders' equity	\$ 1,377.7	\$ 3.2	\$ 1,380.9
Total Liabilities and Shareholders' Equity	\$ 2,414.7	\$ 4.3	\$ 2,419.0

The impacts to the Company's Consolidated Statement of Income for the three and nine months ended September 30, 2018, as a result of the adoption of ASU 2014-09 were as follows:

<u>Consolidated Statement of Income Caption</u>	<u>Three Months Ended September 30, 2018</u>		
	<u>As Reported</u>	<u>Amounts Without Adoption of ASU 2014-09</u>	<u>Effect of Change</u>
Selling, general and administrative	\$ 170.4	\$ 171.4	(\$ 1.0)
Total costs and expenses	\$ 621.7	\$ 622.7	(\$ 1.0)
Operating Income	\$ 32.4	\$ 31.4	\$ 1.0
Income before Income Taxes	\$ 27.8	\$ 26.8	\$ 1.0
Income tax expense	\$ 8.4	\$ 8.7	(\$ 0.3)
Net Income	\$ 19.4	\$ 18.7	\$ 0.7

Consolidated Statement of Income Caption	Nine Months Ended September 30, 2018		
	As Reported	Amounts Without Adoption of ASU 2014-09	Effect of Change
Selling, general and administrative	\$ 512.1	\$ 514.2	(\$ 2.1)
Total costs and expenses	\$1,886.8	\$ 1,888.9	(\$ 2.1)
Operating Income	\$ 90.0	\$ 87.9	\$ 2.1
Income before Income Taxes	\$ 79.2	\$ 77.1	\$ 2.1
Income tax expense	\$ 16.1	\$ 16.7	(\$ 0.6)
Net Income	\$ 63.1	\$ 61.6	\$ 1.5

The impacts to the Company's Consolidated Balance Sheet as of September 30, 2018, as a result of the adoption of ASU 2014-09 were as follows:

Consolidated Balance Sheet Caption	Balance at September 30, 2018		
	As Reported Assets	Balances Without Adoption of ASU 2014-09	Effect of Change
Other current assets	\$ 67.9	\$ 64.9	\$ 3.0
Total current assets	\$ 756.6	\$ 753.6	\$ 3.0
Other assets	\$ 39.2	\$ 36.2	\$ 3.0
Total assets	\$2,253.3	\$ 2,247.3	\$ 6.0
Liabilities and Shareholders' Equity			
Deferred income tax liabilities	\$ 199.5	\$ 197.8	\$ 1.7
Total liabilities	\$ 820.5	\$ 818.8	\$ 1.7
Retained earnings	\$1,522.5	\$ 1,518.2	\$ 4.3
Total shareholders' equity	\$1,432.8	\$ 1,428.5	\$ 4.3
Total Liabilities and Shareholders' Equity	\$2,253.3	\$ 2,247.3	\$ 6.0

3. SYNEX MERGER

On June 28, 2018, Convergys entered into an Agreement and Plan of Merger (as amended, modified or supplemented from time to time, the Merger Agreement) with SYNEX Corporation (SYNEX) under which SYNEX will acquire Convergys in a cash and stock transaction.

The Merger Agreement provides, among other things, that on the terms and subject to the conditions set forth therein, (1) Delta Merger Sub I Inc., a wholly owned subsidiary of SYNEX, will be merged with and into the Company (the Initial Merger), with the Company surviving the Initial Merger as a wholly owned subsidiary of SYNEX, and (2) immediately following the Initial Merger, the Company will be merged with and into Delta Merger Sub II LLC, a wholly owned subsidiary of SYNEX (the Subsequent Merger, and together with the Initial Merger, the Mergers), with Delta Merger Sub II surviving the Subsequent Merger as a wholly owned subsidiary of SYNEX.

On the terms and subject to the conditions set forth in the Merger Agreement, at the effective time of the Initial Merger, each Company common share issued and outstanding immediately prior to the effective time of the Initial Merger (other than certain excluded shares) will automatically be converted into the right to receive (1) \$13.25 in cash, without interest, and (2) 0.1193 of shares of SYNEX common stock, par value \$0.001 per share, subject to adjustment as provided in the Merger Agreement in the event that the trading price of SYNEX common stock prior to the closing of the Mergers increases or decreases by more than 10% from a baseline price.

On October 5, 2018 the Merger closed.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition Policy

More than 95% of the Company's revenues are derived from fees for customer experience outsourcing services provided to the Company's clients. Revenues from our contracts to provide these services relate to a single performance obligation to stand ready to provide services to the customer. The Company recognizes these revenues over time as services are performed based on the volumes of services provided and contractual rates. The Company's remaining revenues, which represent less than 5% of the Company's total revenues, are derived from the sale of premise-based and hosted self-care and technology solutions and provision of professional services. Revenues from the sale of these solutions and provision of these services are recognized over time as solutions or services are provided over the duration of the contract, using contractual rates. These contracts are typically one year or less in duration.

Certain of our contracts, primarily for agent-related services, include pricing terms and conditions that include components of variable consideration. The variable consideration is typically in the form of performance-related bonus and penalty provisions that are determined based upon our meeting, or not meeting, agreed-upon service levels and performance metrics specified within the contract. Some contracts also contain discounts that the client can earn through the achievement of specified volume levels or through early payment for services provided by Convergys. Each component of variable consideration is earned based on the Company's actual performance during the measurement period specified within the contract (typically monthly for bonus and penalty provisions and either quarterly or annually for volume discounts). In order to determine the transaction price, the Company estimates the variable consideration using the most likely amount method, based on the specific contract provisions and known performance results during the relevant measurement period. When determining if variable consideration should be constrained, the Company considers whether factors outside its control could result in a significant reversal of revenue. In making these assessments, the Company considers the likelihood and magnitude of a potential reversal. The Company's performance period generally corresponds with the monthly invoice period. Given our historical experiences and relatively short duration of periods subject to variable consideration adjustments, no constraints on our revenue recognition were applied during the first nine months of 2018. The Company reassesses these estimates during each reporting period.

Disaggregation of Revenue

We provide services to companies across a variety of industries including communications, technology, retail, financial services, healthcare and other. The following table presents our disaggregated revenue from customers by key industry vertical for the three and nine months ended September 30, 2018 and 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Communications	\$ 275.0	\$ 327.3	\$ 839.5	\$ 987.1
Technology	144.5	141.5	435.3	444.0
Retail	85.2	70.0	238.4	219.6
Financial Services	63.4	51.0	208.7	181.3
Healthcare	47.5	43.5	143.9	138.1
Other	38.6	55.0	111.9	132.7
Total Revenues	\$ 654.2	\$ 688.3	\$ 1,977.7	\$ 2,102.8

While most of our contracts are priced in U.S. dollars, we also recognize revenue under contracts that are denominated in euros, British pounds, Australian dollars, Canadian dollars or other currencies. The following

table presents the Company's U.S. dollar equivalent revenue by currency for the three and nine months ended September 30, 2018 and 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
U.S. Dollar Revenue by Currency:				
U.S. dollar	\$ 482.1	\$ 514.5	\$1,448.7	\$1,610.9
Euro	87.3	87.2	267.8	244.8
British pound	47.5	48.2	152.4	130.1
Australian dollar	12.4	17.8	36.2	46.8
Canadian dollar	9.7	8.9	29.5	26.9
Other	15.2	11.7	43.1	43.3
Total Revenues	\$ 654.2	\$ 688.3	\$1,977.7	\$2,102.8

Costs to Obtain a Contract

The Company capitalizes commission expenses paid to our sales personnel when the commissions are deemed to be incremental for obtaining new agent-related services contracts. The deferred commissions are amortized on a straight-line basis over the expected period of benefit. We review the deferred commission balances for impairment on an ongoing basis. Deferred commissions are classified as current or noncurrent based on the timing of when we expect to recognize the expense. The current and noncurrent portions are included in Other current assets and Other assets, respectively, on the Company's Consolidated Balance Sheets. As of September 30, 2018, the current and noncurrent assets related to deferred commissions totaled \$2.7 and \$2.8, respectively. During the three and nine months ended September 30, 2018, we recorded \$0.8 and \$2.3, respectively, of amortization expense related to deferred commissions. This expense is classified in Selling, general and administrative expense on the Consolidated Statements of Income.

Receivables and Allowance for Doubtful Accounts

Trade receivables are comprised of amounts owed to the Company by clients and are presented net of an allowance for doubtful accounts. Contracts with individual clients determine when receivables are due, generally within 30 to 60 days, and whether interest is accrued on late payments. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable balance. The Company regularly reviews the adequacy of its allowance for doubtful accounts. The Company determines the allowance based on historical write-off experience and current economic conditions and also considers factors such as customer credit, past transaction history with the customer and changes in customer payment terms when determining whether the collection of a receivable is reasonably assured. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Volume Discounts

Certain contracts with customers contain discounts that the client can earn through the achievement of specified volume levels or through early payment for services provided by Convergys. The Company maintains a liability for these discounts within Payables and other current liabilities on its Consolidated Balance Sheets. The liabilities for these discounts totaled \$4.4 as of September 30, 2018.

5. EARNINGS PER SHARE AND SHAREHOLDERS' EQUITY

Earnings per Share

The following is a reconciliation of the numerator and denominator of the basic and diluted earnings per share (EPS) computations:

Shares (in millions)	Shares	Net Income	Per Share Amount
Three Months Ended September 30, 2018			
Basic EPS	91.1	\$ 19.4	\$ 0.21
Effect of dilutive securities:			
Stock-based compensation arrangements	0.6	—	—
Convertible Debt	6.4	—	(0.01)
Diluted EPS	<u>98.1</u>	<u>\$ 19.4</u>	<u>\$ 0.20</u>
Nine Months Ended September 30, 2018			
Basic EPS	91.3	\$ 63.1	\$ 0.69
Effect of dilutive securities:			
Stock-based compensation arrangements	0.7	—	(0.01)
Convertible Debt	6.4	—	(0.04)
Diluted EPS	<u>98.4</u>	<u>\$ 63.1</u>	<u>\$ 0.64</u>
Three Months Ended September 30, 2017			
Basic EPS	92.8	\$ 34.8	\$ 0.38
Effect of dilutive securities:			
Stock-based compensation arrangements	0.7	—	—
Convertible Debt	6.3	—	(0.03)
Diluted EPS	<u>99.8</u>	<u>\$ 34.8</u>	<u>\$ 0.35</u>
Nine Months Ended September 30, 2017			
Basic EPS	93.6	\$ 112.5	\$ 1.20
Effect of dilutive securities:			
Stock-based compensation arrangements	0.8	—	(0.01)
Convertible Debt	6.3	—	(0.07)
Diluted EPS	<u>100.7</u>	<u>\$ 112.5</u>	<u>\$ 1.12</u>

The diluted EPS calculation for the three and nine months ended September 30, 2018 excludes 0.3 performance-based restricted stock units granted in 2016, as the performance criteria has not yet been achieved, as well as 0.4 performance-based restricted stock units (0.1 and 0.3 granted in 2018 and 2017, respectively), as performance criteria for the third year of the 2017 grants and the second and third years of the 2018 grants have not yet been fully defined, thereby precluding a grant for accounting purposes due to a lack of a mutual understanding of the terms of the stock-based awards.

The diluted EPS calculation for the three and nine months ended September 30, 2018 includes 6.4 shares associated with the Company's convertible debt. As described more fully in Note 7, during 2009, the Company issued approximately \$125.0 aggregate principal amount of 5.75% Junior Subordinated Convertible Debentures due 2029 (2029 Convertible Debentures). The 2029 Convertible Debentures were convertible, subject to certain conditions, into shares of the Company's common stock at an initial implied conversion price of approximately \$12.07 per share, or eighty-two and eighty-two hundredths shares per one thousand dollars in principal amount of debentures. The conversion rate is subject to adjustment for certain events outlined in the indenture governing the 2029 Convertible Debentures (the Indenture), including payment of dividends. As of September 30, 2018, the

implied conversion price for the 2029 Convertible Debentures was approximately \$11.02 per share, or ninety and seventy-seven hundredths shares per one thousand dollars in principal amount of debentures.

Shareholders' Equity

The Company repurchased 0.1 and 1.2 of its common shares during the three and nine months ended September 30, 2018 at an average price of \$23.08 and \$23.10 per share for a total of \$10.0 and \$26.8. Based upon the timing of transactions, \$0.3 of the shares repurchased during December 2017 settled during the first quarter of 2018.

As of September 30, 2018, the Company had the authority to repurchase \$34.7 of outstanding common shares pursuant to the Board of Directors' August 2015 authorization to increase the remaining authorized share repurchases to \$250.0 in the aggregate. The timing and terms of any future transactions will depend on a number of considerations including market conditions, our available liquidity and capital needs, and limits on share repurchases that may be applicable under the covenants in our Credit Agreement. Pursuant to the Merger Agreement with SYNnex, we may not, without SYNnex's consent, repurchase shares prior to the closing of the Mergers or termination of the Merger Agreement.

Dividends

During 2017 and 2018, the Company's Board of Directors declared the following dividends per common share, which were paid by the Company on the payment dates listed below:

<u>Announcement Date</u>	<u>Record Date</u>	<u>Dividend Amount</u>	<u>Payment Date</u>
February 22, 2017	March 24, 2017	\$0.09	April 7, 2017
May 8, 2017	June 23, 2017	\$0.10	July 7, 2017
August 8, 2017	September 22, 2017	\$0.10	October 6, 2017
November 7, 2017	December 22, 2017	\$0.10	January 5, 2018
February 21, 2018	March 23, 2018	\$0.10	April 6, 2018
May 8, 2018	June 22, 2018	\$0.11	July 6, 2018
August 6, 2018	September 21, 2018	\$0.11	October 2, 2018

The Board expects that future cash dividends will be paid on a quarterly basis until the closing of the Mergers. However, any decision to pay future cash dividends will be subject to Board approval, and will depend on the Company's future earnings, cash flow, financial condition, financial covenants and other relevant factors.

The Merger Agreement with SYNnex limits our ability to pay dividends. The Merger Agreement generally provides that prior to the closing of the Mergers or termination of the Merger Agreement, we cannot, without SYNnex's consent, make, declare or pay any dividend on our common shares other than regular quarterly cash dividends not in excess of \$0.11 per share.

6. GOODWILL AND OTHER INTANGIBLE AND LONG-LIVED ASSETS

Goodwill

Goodwill was \$930.9 at September 30, 2018 compared to \$937.9 at December 31, 2017. This decrease was due to foreign currency translation. The Company tests goodwill for impairment annually as of October 1 and at other times if events have occurred or circumstances exist that indicate the carrying value of goodwill may no longer be recoverable. Goodwill impairment testing is performed at the reporting unit level, one level below the business segment. The Company's reporting units are Customer Management—Agent Services and Customer Management—Customer Interaction Technology (CIT). As of September 30, 2018 and December 31, 2017, all goodwill was held by the Customer Management—Agent Services reporting unit.

The annual impairment test performed as of October 1, 2018 indicated that the fair value of the Customer Management—Agent Services reporting unit was substantially in excess of its carrying value.

Other Intangible Assets

The Company's other intangible assets, primarily acquired through business combinations, are evaluated periodically if events or circumstances indicate a possible inability to recover their carrying amounts. No impairment charges were recognized in any period presented. As of September 30, 2018 and December 31, 2017, the Company's other intangible assets consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Net
September 30, 2018			
Customer relationships and other intangibles	\$ 480.4	(\$ 215.4)	\$265.0
Trademarks	26.8	(26.8)	—
Software (classified within Property and equipment, net)	41.3	(41.3)	—
Total	<u>\$ 548.5</u>	<u>(\$ 283.5)</u>	<u>\$265.0</u>
December 31, 2017			
Customer relationships and other intangibles	\$ 484.6	(\$ 198.0)	\$286.6
Trademarks	27.0	(26.3)	0.7
Software (classified within Property and equipment, net)	41.3	(41.3)	—
Total	<u>\$ 552.9</u>	<u>(\$ 265.6)</u>	<u>\$287.3</u>

The customer relationship and other intangible assets are being amortized for 1 to 17 years. The remaining weighted average amortization period for customer relationships and other intangibles is approximately 11.7 years. Amortization of software is included within depreciation expense as the underlying assets are classified within property and equipment.

Amortization expense for intangibles was \$19.2 for the nine months ended September 30, 2018 and is estimated to be approximately \$25.3 for the year ended December 31, 2018. The related estimated expense for the five subsequent fiscal years is as follows:

For the year ended 2019	\$ 24.5
For the year ended 2020	23.8
For the year ended 2021	22.1
For the year ended 2022	21.8
For the year ended 2023	21.8
Thereafter	<u>144.9</u>

7. DEBT AND CAPITAL LEASE OBLIGATIONS

Debt and capital lease obligations consisted of the following:

	September 30, 2018	December 31, 2017
Term Loan, due 2019	\$ —	\$ 99.3
Convertible Debentures, due 2029	67.1	65.5
Capital Lease Obligations	0.4	2.1
Accounts Receivable Securitization	84.9	103.0
Total Debt	152.4	269.9
Less debt issuance costs	1.2	1.3
Total debt, net	151.2	268.6
Less current maturities	0.3	0.9
Long-term debt	\$ 150.9	\$ 267.7

Merger Agreement with SYNEX

The Merger Agreement with SYNEX limits our ability to incur additional indebtedness or to modify the terms of our outstanding debt obligations. The Merger Agreement generally provides that prior to the closing of the Mergers or termination of the Merger Agreement, we cannot, without SYNEX's consent, incur, assume, endorse, guarantee or otherwise become liable for, or modify in any material respect the terms of any indebtedness for borrowed money or issue or sell any debt securities or any rights to acquire any debt securities, subject to certain exceptions (including borrowings under our Revolving Credit Facility and our asset securitization facility).

Credit Facility

On January 11, 2017 (the Effective Date), the Company entered into a new credit agreement (Credit Agreement) and repaid all amounts outstanding and terminated all commitments under its previously existing credit agreement (Prior Credit Agreement) using initial borrowings under the Credit Agreement as well as borrowings under the Company's asset securitization facility. The Credit Agreement consists of a \$215.0 unsecured term loan facility (Term Loan), maturing on March 3, 2019, and a \$300.0 unsecured revolving credit facility (Revolving Credit Facility), maturing on January 11, 2022. On the Effective Date, the Company drew \$100.0 in initial borrowings under the Term Loan. A \$1.0 extinguishment loss was recognized on the Effective Date and is included in Interest expense on the Consolidated Statements of Income for the nine months ended September 30, 2017.

The Revolving Credit Facility may be extended for two additional one-year periods, subject to the satisfaction of certain conditions set forth in the Credit Agreement. In addition, aggregate borrowing capacity under the Credit Agreement may be increased by up to an additional \$250.0 million by increasing the amount of the Revolving Credit Facility or by incurring additional term loans, in each case subject to the satisfaction of certain conditions set forth in the Credit Agreement, including the receipt of additional commitments for such increase. Borrowings outstanding under the Credit Agreement may be repaid from time to time without premium or penalty, other than customary breakage costs, if any. Borrowings outstanding under the Credit Agreement bear interest at a fluctuating rate per annum equal to, at the Company's option, either (a) the applicable adjusted LIBOR plus a spread based on the Company's total net leverage ratio, or (b) a base rate (equal to the higher of the Administrative Agent's prime rate, the federal fund rate plus 0.50%, and the one-month adjusted LIBOR plus 1.0%) plus a spread based on the Company's total net leverage ratio. The Company is also obligated to pay a commitment fee on a quarterly basis on the unused portion of the commitments under the Revolving Credit Facility based on the Company's total net leverage ratio, which fee is currently 25 basis points. While amounts borrowed and repaid under the Revolving Credit Facility can be re-borrowed, amounts repaid under the Term

Loan cannot be borrowed again under the Credit Agreement. The Credit Agreement contains certain affirmative and negative covenants, as well as terms and conditions that are customary for credit facilities of this type, including financial covenants for leverage and interest coverage ratios. The Company was in compliance with all covenants at September 30, 2018. Total borrowing capacity remaining under the Revolving Credit Facility was \$300.0, with the borrowings under the Term Loan fully repaid as of September 30, 2018. On October 5, 2018, the Credit Agreement was terminated in conjunction with the closing of the Merger.

Convertible Debentures

During 2009, Convergys issued \$125.0 aggregate principal amount of 5.75% Junior Subordinated Convertible Debentures due September 2029 (2029 Convertible Debentures) in exchange for \$122.5 of 4.875% Unsecured Senior Notes due December 15, 2009, pursuant to an exchange offer. At the date of issuance, the Company recognized the liability component of the 2029 Convertible Debenture at its fair value of \$56.3. The liability component was recognized as the fair value of a similar instrument that did not have a conversion feature at issuance. The equity component, which is the value of the conversion feature at issuance, was recognized as the difference between the proceeds from the issuance of the debentures and the fair value of the liability component, after adjusting for the deferred tax impact of \$32.7. The 2029 Convertible Debentures were issued at a coupon rate of 5.75%, which was below that of a similar instrument that did not have a conversion feature. Therefore, the valuation of the debt component, using the income approach, resulted in a debt discount. The debt discount is being amortized over the life of a similar debt instrument without a conversion feature, which the Company determined to equal the contractual maturity of the 2029 Convertible Debentures. Amortization is based upon the effective interest rate method and is included in interest expense in the Consolidated Statements of Income.

The 2029 Convertible Debentures, which pay a fixed rate of interest semi-annually, have a contingent interest component that will require the Company to pay additional interest if the trading price of the 2029 Convertible Debentures exceeds a specified threshold at specified times, commencing on September 15, 2019, as outlined in the Indenture. The maximum amount of contingent interest that will accrue is 0.75% per annum of the average trading price of the 2029 Convertible Debentures during the periods specified in the Indenture. The fair value of this embedded derivative was not significant at September 30, 2018 or December 31, 2017.

The Company is not entitled to redeem the 2029 Convertible Debentures prior to September 15, 2019. On or after September 15, 2019, the Company may redeem for cash all or part of the 2029 Convertible Debentures at par value plus accrued but unpaid interest if certain trading conditions of the Company's common shares are satisfied. The holders of the 2029 Convertible Debentures have the option to require redemption at par value plus accrued but unpaid interest upon the occurrence of a fundamental change, a defined term in the Indenture.

The 2029 Convertible Debentures are convertible at the option of the holders on or after September 15, 2028 and prior to that date only under the following circumstances: (1) during any calendar quarter if the last reported sales price of the Company's common shares for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than or equal to 130% of the applicable conversion price (currently \$14.32) for the 2029 Convertible Debentures on each applicable trading day (hereinafter referred to as the Sales Price Condition); (2) during the five business day period immediately following any five consecutive trading day period (the Measurement Period) in which, as determined following a request by a holder of 2029 Convertible Debentures as provided in the Indenture, the trading price per \$1,000 principal amount of 2029 Convertible Debentures for each trading day of such Measurement Period was less than 98% of the product of the last reported sale price of the Company's common shares and the applicable conversion rate for the 2029 Convertible Debentures on each such trading day; (3) if the Company elects to redeem any or all of the 2029 Convertible Debentures; or (4) upon the occurrence of specified corporate events pursuant to the terms of the Indenture. Upon conversion, the Company will pay cash up to the aggregate principal amount of the 2029 Convertible Debentures to be converted and pay or deliver, as the case may be, cash, common shares of the Company or a combination of cash and common shares of the

Company, at the Company’s election, in respect of the remainder, if any, of the Company’s conversion obligation in excess of the aggregate principal amount of the 2029 Convertible Debentures being converted.

The 2029 Convertible Debentures were convertible, subject to certain conditions, into common shares of the Company at an initial implied conversion price of approximately \$12.07 per share, or eighty-two and eighty-two hundredths shares per one thousand dollars in principal amount of debentures. As of September 30, 2018, the implied conversion price for the 2029 Convertible Debentures was approximately \$11.02 per share, or ninety and seventy-seven hundredths shares per one thousand dollars in principal amount of debentures. The conversion rate is subject to adjustment for certain events outlined in the Indenture, including payment of dividends.

As of September 30, 2018 and December 31, 2017, the 2029 Convertible Debentures were convertible at the option of the holders. This conversion right was triggered upon satisfaction of the Sales Price Condition (the closing price of the Company’s common shares was greater than or equal to \$14.39, 130% of the conversion price of the 2029 Convertible Debentures at September 30, 2018, for at least 20 of the 30 consecutive trading days ending on September 30, 2018). As a result, the equity component of the 2029 Convertible Debentures equal to \$57.9 (the difference between the par value and carrying value of the 2029 Convertible Debentures at September 30, 2018) has been classified as temporary equity within the September 30, 2018 Consolidated Balance Sheet since this amount was considered redeemable. The Company will reassess the convertibility of the 2029 Convertible Debentures and the related balance sheet classification on a prospective basis. There have been no conversions of the 2029 Convertible Debentures through the date of this filing.

Asset Securitization Facility

During January 2017, the Company amended the terms of its asset securitization facility collateralized by accounts receivable of certain of the Company’s subsidiaries. The amendment resulted in an increased purchase limit of \$225.0, with \$90.0 and \$135.0 expiring in January 2018 and January 2020, respectively. The asset securitization facility was further amended in January 2018 to extend the expiration date for the \$90.0 purchase limit to January 2019. The asset securitization program is conducted through Convergys Funding Inc., a wholly-owned bankruptcy remote subsidiary of the Company. As of September 30, 2018 and December 31, 2017, Convergys had drawn \$84.9 and \$103.0, respectively, in available funding from qualified receivables. Amounts drawn under this facility have been classified as long-term debt within the Consolidated Balance Sheets, based on the Company’s ability and intent to refinance on a long-term basis as of September 30, 2018. Borrowings under the asset securitization program were repaid in full on October 5, 2018 in conjunction with the closing of the Merger.

At September 30, 2018, future minimum payments of the Company’s debt and capital lease arrangements (exclusive of any debt discounts) are as follows:

2018	\$ 0.3
2019	34.1
2020	51.0
2021	—
2022	—
Thereafter	<u>125.0</u>
Total	<u>\$210.4</u>

8. RESTRUCTURING

2018 Restructuring

Company-wide restructuring program

During 2018, the Company initiated a restructuring plan to reduce headcount and consolidate certain contact centers to streamline the Company’s operations. For the nine months ended September 30, 2018, \$2.6 of

restructuring expense was recorded for facility-related charges. For the nine months ended September 30, 2018, \$20.7 of restructuring expense was recorded, which was comprised of \$5.0 of severance expense associated with headcount reductions and \$15.7 of facility-related charges. This expense is included in Restructuring charges on the Consolidated Statements of Income. The headcount reductions impacted approximately 350 employees and the related severance was substantially paid in cash by September 30, 2018.

The facility-related charges during 2018 are associated with ten site closures and primarily represent the present value of contractually obligated future minimum lease payments and the full impairment of certain abandoned property and equipment. The fair value of these facility obligations was determined using the income approach through a discounted cash flow analysis, based on estimated future contractual costs associated with the impacted facilities, net of proceeds from any probable future sublease agreements. The Company utilized market data to determine the estimated proceeds from any future sublease agreements. The Company will continue to evaluate the estimates used in recording the facilities abandonment charge over the remaining lease period. Consequently, there may be additional reversals or charges relating to these facility closures in the future.

CEO transition costs

On January 25, 2018, the Company announced that Andrea Ayers will transition from her role as President and Chief Executive Officer (CEO) of Convergys. The Company and Ms. Ayers subsequently executed a Separation and Consulting Agreement, effective February 20, 2018. During the nine months ended September 30, 2018, the Company recorded CEO transition costs of \$9.0, respectively, associated with certain components of cash and equity-based compensation payable to Ms. Ayers in connection with her separation from the Company, as well as consulting fees associated with the Company's search process prior to the entrance into the Merger Agreement to identify a successor CEO. This expense is included in Restructuring charges on the Consolidated Statements of Income. The compensation payments related to this expense are subject to the terms and conditions of the Separation and Consulting Agreement and the timing of such payments will, in some cases, depend on the timing of Ms. Ayers' separation from the Company.

Other severance

The Company recorded other severance expense of \$1.7 for the nine months ended September 30, 2018, primarily related to headcount reductions resulting from certain client program completions. These actions impacted approximately 650 employees. This severance expense is included in Restructuring charges on the Consolidated Statements of Income and was fully paid in cash by September 30, 2018.

2017 Restructuring

Company-wide restructuring program

During the first quarter of 2017, the Company recorded restructuring expenses of \$12.8 related to a company-wide initiative to reduce headcount and better align the Company's resources, principally for corporate functions. The 2017 restructuring actions impacted approximately 315 employees. This expense is included in Restructuring charges on the Consolidated Statements of Income and is expected to be substantially paid in cash by December 31, 2018. The total remaining liability under these restructuring actions, which is included in Payables and other current liabilities on the Consolidated Balance Sheets, was \$2.3 as of September 30, 2018, and \$5.8 as of December 31, 2017.

Other severance

During 2017, the Company recorded other severance expense of \$2.2 primarily related to headcount reductions resulting from certain client program completions. These actions impacted approximately 150 employees. This severance expense is included in Restructuring charges on the Consolidated Statements of Income and was fully paid in cash during 2017.

buw integration

During 2017, the Company recorded severance charges of \$0.9 related to the elimination of certain redundant positions as a result of the integration of the buw business. This severance expense was included in Transaction and integration costs on the Consolidated Statements of Income and was fully paid in cash by March 31, 2018.

9. EMPLOYEE BENEFIT PLANS

Pensions

The Company sponsors a frozen defined benefit pension plan, which includes both a qualified and non-qualified portion, for all eligible employees in the U.S. (the cash balance plan) and unfunded defined benefit plans for certain eligible employees in the Philippines, Malaysia and France (together with the cash balance plan, the defined benefit plans). The pension benefit formula for the cash balance plan is determined by a combination of compensation, age-based credits and annual guaranteed interest credits. The qualified portion of the cash balance plan has been funded through contributions made to a trust fund. The Company's measurement date for all plans is December 31. The plan assumptions are evaluated annually and are updated as deemed necessary.

Components of pension cost and other amounts recognized in other comprehensive income for the Company's defined benefit plans are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Service cost	\$ 1.2	\$ 1.4	\$ 3.4	\$ 4.1
Interest cost on projected benefit obligation	2.1	1.8	6.3	5.5
Expected return on plan assets	(2.2)	(2.4)	(6.7)	(7.4)
Amortization and deferrals—net	2.4	1.7	6.6	4.6
Settlement	1.8	2.0	1.8	2.0
Total net pension cost	\$ 5.3	\$ 4.5	\$ 11.4	\$ 8.8

The Company recognized non-cash pension settlement charges of \$1.8 and 2.0 during the three months ended September 30, 2018 and 2017, respectively.

The Company also sponsors a non-qualified, unfunded executive deferred compensation plan (the EDCP), which permits eligible participants, including executive officers, to defer receipt of certain income. The Company matches up to 100% of the first 3% of a participant's deferred amounts and 50% of a participant's next 2% of deferred amounts. The Company match under the EDCP is reduced by the Company match eligible to be received under the Company's Retirement and Savings Plan.

Components of pension cost and other amounts recognized in other comprehensive loss for the EDCP are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Service cost	\$ 0.4	\$ 0.4	\$ 0.8	\$ 1.3
Interest cost on projected benefit obligation	0.1	0.1	0.2	0.3
Total pension cost	\$ 0.5	\$ 0.5	\$ 1.0	\$ 1.6

10. STOCK-BASED COMPENSATION PLANS

The Company's operating results for the three and nine months ended September 30, 2018 included stock-based compensation expense of \$5.8 and \$16.9, respectively, compared to \$4.2 and \$12.7, respectively, for the

same periods in 2017. Expense for the three and nine months ended September 30, 2018 included expense of \$0.7 and \$1.6, respectively, related to awards classified as liabilities that will ultimately settle in cash, compared to \$0.1 and less than \$0.1, respectively, in the prior year periods.

Restricted Stock Units

Time-based Restricted Stock Units

During the nine months ended September 30, 2018 and 2017, the Company granted 0.7 and 0.4 shares, respectively, of time-based restricted stock units. The weighted average grant date fair values of these grants were \$25.75 and \$24.02, respectively. These time-based grants are scheduled to vest 25% at the first anniversary of the grant date, 25% at the second anniversary and 50% at the third anniversary, with the exception of 0.2 granted in 2018 that are scheduled to vest 50% at the second anniversary and 50% at the third anniversary.

The total compensation cost related to non-vested time-based restricted stock units not yet recognized as of September 30, 2018 was approximately \$22.5, which is expected to be recognized over a weighted average period of 2.1 years. Changes to non-vested time-based restricted stock units for the nine months ended September 30, 2018 were as follows:

Shares (in millions)	Number of Shares	Weighted Average Fair Value at Date of Grant
Non-vested at December 31, 2017	1.3	23.46
Granted	0.7	25.75
Vested	(0.6)	23.55
Forfeited	(0.1)	24.90
Non-vested at September 30, 2018	<u>1.3</u>	<u>\$ 24.40</u>

Performance-based Restricted Stock Units

During the nine months ended September 30, 2018 and 2017, the Company granted 0.3 and 0.3 shares, respectively, of performance-based restricted stock units. These grants provide for payout based upon the extent to which the Company achieves certain EPS targets, as determined by the Compensation and Benefits Committee of the Board of Directors, over three-year periods. Payout levels for earned shares range from 50% to 200% of award shares. No payout is earned if performance is below the minimum threshold performance level. At September 30, 2018, the targets for the third year of the 2017 grants and the second and third years of the 2018 grants had not yet been set, the key terms had not been effectively communicated to the recipients, and as such the expense related to these grants had not yet been recognized. These grants have been excluded from the table below.

During the first quarter of 2018, the Company established and communicated to participants the final key terms of the 2016 grants, resulting in grants for accounting purposes with a grant date fair value of \$23.58 per share. The total compensation cost related to the 2016 non-vested performance-based restricted stock units not yet recognized as of September 30, 2018 was approximately \$1.9, which is expected to be recognized ratably over the remaining vesting period ending in February 2019.

Changes to non-vested performance-based restricted stock units for the nine months ended September 30, 2018 were as follows:

Shares (in millions)	Number of Shares	Weighted Average Fair Value at Date of Grant
Non-vested at December 31, 2017	0.3	21.28
Granted	0.2	23.58
Vested	(0.2)	21.31
Forfeited	—	—
Non-vested at September 30, 2018	<u>0.3</u>	<u>\$ 23.58</u>

Stock Options

Presented below is a summary of Company stock option activity. Prior to 2016, all outstanding stock options were fully vested and the related expense had been fully recognized.

Shares (in millions)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Weighted Average Value at Date of Grant (per shares)
Options outstanding at December 31, 2017	<u>0.3</u>	<u>\$ 13.45</u>	<u>3.4</u>	<u>\$ 3.86</u>
Options exercisable at December 31, 2017	<u>0.3</u>	<u>\$ 13.45</u>	<u>3.4</u>	<u>\$ 3.86</u>
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Options outstanding at September 30, 2018	<u>0.3</u>	<u>\$ 13.45</u>	<u>2.9</u>	<u>\$ 3.86</u>
Options exercisable at September 30, 2018	<u>0.3</u>	<u>\$ 13.45</u>	<u>2.9</u>	<u>\$ 3.86</u>

11. COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2018, the Company had outstanding letters of credit and bond obligations of \$21.0 related to performance guarantees. The Company believes that any guarantee obligation that may arise will not be material. The Company also has future purchase commitments with telecommunication and transportation providers of \$2.8 for the remainder of 2018.

Contingencies

The Company, from time to time, is subject to various loss contingencies, including tax and legal contingencies that arise in the ordinary course of business. The Company accrues for a loss contingency when it is probable that a liability has been incurred and the amount of such loss can be reasonably estimated. At this time, the Company believes that any such contingencies, either individually or in the aggregate, will not have a materially adverse effect on the Company's results of operations or financial condition. However, the outcome of litigation cannot be predicted with certainty, and unfavorable resolution of one or more pending matters could have a materially adverse impact on the Company's results of operations or financial condition in the future.

12. FINANCIAL INSTRUMENTS

Derivative Instruments

The Company is exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company's risk management strategy includes the use of derivative

instruments to reduce the effects on its operating results and cash flows from fluctuations caused by volatility in currency exchange rates.

The Company serves many of its U.S.-based clients using contact center capacity outside of the U.S. Although the contracts with these clients are typically priced in U.S. dollars, a substantial portion of the costs incurred to deliver services under these contracts are denominated in the local currency of the country where services are provided, which represents a foreign exchange exposure. The Company has hedged a portion of its exposure related to the anticipated cash flow requirements denominated in certain foreign currencies by entering into hedging contracts with several financial institutions to acquire a total of PHP 28,470.0 at a fixed price of \$543.2 at various dates through March 2021, INR 8,325.0 at a fixed price of \$115.9 at various dates through March 2021, CAD 39.0 at a fixed price of \$29.8 at various dates through June 2020 and COP 34,800.0 at a fixed price of \$11.4 at various dates through March 2020, and to sell a total of AUD 13.8 at a fixed price of \$10.7 at various dates through September 2019. These instruments mature within the next 30 months and had a notional value of \$678.0 at September 30, 2018 and \$835.5 at December 31, 2017. The derivative instruments discussed above are designated and are effective as cash flow hedges. The following table reflects the fair values of these derivative instruments:

	September 30, 2018	December 31, 2017
Forward exchange contracts and options designated as hedging instruments:		
Included within other current assets	\$ 2.2	\$ 14.5
Included within other non-current assets	0.1	8.7
Included within other current liabilities	22.9	7.7
Included within other long-term liabilities	<u>10.5</u>	<u>1.7</u>

The Company recorded a deferred tax benefit of \$7.8 and deferred tax expense of \$3.6 related to these derivatives at September 30, 2018 and December 31, 2017, respectively. A total of \$23.3 of deferred losses, net of tax, related to these cash flow hedges were included in accumulated other comprehensive loss (OCL) at September 30, 2018, compared to \$10.4 of deferred gains, net of tax, that were included in accumulated other comprehensive income (OCI) at December 31, 2017. As of September 30, 2018, deferred losses of \$20.7 (\$15.5 net of tax) on derivative instruments

included in accumulated OCL are expected to be reclassified into earnings during the next 12 months. The following tables provide the effect of these derivative instruments on the Company's Consolidated Financial Statements during the three and nine months ended September 30, 2018 and 2017, respectively:

<u>Derivatives in Cash Flow Hedging Relationships</u>	Gain (Loss) Recognized in OCL on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCL into Income (Effective Portion)
Three Months Ended September 30, 2018			
Foreign exchange contracts	(\$ 7.8)	(\$ 5.0)	Cost of providing services and products sold and Selling, general and administrative
Nine Months Ended September 30, 2018			
Foreign exchange contracts	(\$ 55.0)	(\$ 10.1)	Cost of providing services and products sold and Selling, general and administrative
Three Months Ended September 30, 2017			
Foreign exchange contracts	(\$ 2.0)	(\$ 5.3)	Cost of providing services and products sold and Selling, general and administrative
Nine Months Ended September 30, 2017			
Foreign exchange contracts	\$ 10.8	(\$ 18.1)	Cost of providing services and products sold and Selling, general and administrative

The gain or loss recognized related to the ineffective portion of the derivative instruments was immaterial for the nine months ended September 30, 2018 and 2017.

The Company also enters into derivative instruments (forwards) to economically hedge the foreign currency impact of assets and liabilities denominated in nonfunctional currencies. During the nine months ended September 30, 2018, a gain of \$9.6 was recognized related to changes in fair value of these derivative instruments not designated as hedges, compared to a loss of \$17.3 in the same periods in 2017. The gains and losses largely offset the currency gains and losses that resulted from changes in the assets and liabilities denominated in nonfunctional currencies. These gains and losses are classified within other income, net in the accompanying Consolidated Statements of Income. The fair value of these derivative instruments not designated as hedges at September 30, 2018 was an \$4.6 receivable.

Short-term Investments

As of September 30, 2018 and December 31, 2017, the Company held investment securities with a fair value of \$13.0 and \$13.5, respectively, that are held in a grantor trust for the benefit of participants in the EDCP and reflect the hypothetical investment balances of EDCP participants. The securities are classified as trading securities and included within short-term investments in the Consolidated Balance Sheets. The investment securities include exchange-traded mutual funds and money market accounts. These securities are carried at fair value, with gains and losses, both realized and unrealized, reported in other (expense) income, net in the Consolidated Statements of Income. The cost of securities sold is based upon the specific identification method. Interest and dividends on securities classified as trading are included in other (expense) income, net.

13. FAIR VALUE MEASUREMENTS

U.S. GAAP defines a hierarchy which prioritizes the inputs in measuring fair value. The three levels of the fair value hierarchy are as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and Level 3 inputs are unobservable inputs based on the Company's assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

At September 30, 2018 and December 31, 2017, the Company had foreign currency forward contracts measured at fair value. The fair values of these instruments were measured using valuations based upon quoted prices for similar assets and liabilities in active markets (Level 2) and are valued by reference to similar financial instruments, adjusted for terms specific to the contracts. There were no transfers between the three levels of the fair value hierarchy during the years ended September 30, 2018 and September 30, 2017. The derivative assets and liabilities measured at fair value on a recurring basis as of September 30, 2018 and December 31, 2017 were as follows:

	September 30, 2018	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 8.0	\$ —	\$ 14.1	\$ —
Foreign currency forward contracts (liability position)	\$ 34.5	\$ —	\$ 34.3	\$ —

	December 31, 2017	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivatives:				
Foreign currency forward contracts (asset position)	\$ 24.2	\$ —	\$ 24.2	\$ —
Foreign currency forward contracts (liability position)	\$ 19.2	\$ —	\$ 19.2	\$ —

The Company also had investment securities held in a grantor trust for the benefit of participants of the EDCP measured at fair value at September 30, 2018 and December 31, 2017. These investments are recorded as short-term investments on the Consolidated Balance Sheets. The fair value of these instruments was measured using the quoted prices in active markets for identical assets (Level 1). There were no transfers between the three levels of the fair value hierarchy during the years ended September 30, 2018 and September 30, 2017. The assets measured at fair value on a recurring basis as of September 30, 2018 and December 31, 2017 were as follows:

	September 30, 2018	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 12.3	\$ 12.3	\$ —	\$ —
Money market accounts	0.7	0.7	—	—
Total	\$ 13.0	\$ 13.0	\$ —	\$ —
	December 31, 2017	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Mutual funds	\$ 12.4	\$ 12.4	\$ —	\$ —
Money market accounts	1.1	1.1	—	—
Total	\$ 13.5	\$ 13.5	\$ —	\$ —

14. INCOME TAXES

The effective tax rate on net income from continuing operations was 32.4% and 22.6% for the three and nine months ended September 30, 2018 compared to 17.1% and 15.4% in the same period last year. The effective tax rates for all periods were impacted by the geographic mix of worldwide income and certain discrete items. The effective tax rate for the nine months ended September 30, 2018 was favorably impacted by a net benefit of \$8.6 resulting from the resolution of certain tax audits. The effective tax rates for the three and nine months ended September 30, 2018 were negatively impacted by certain transaction costs related to the SYNEX merger. The effective tax rates for both periods in 2018 were also impacted by the accrual of withholding taxes on the repatriation of current period earnings. In the fourth quarter of 2017, the Company recorded an estimated net discrete tax charge of \$34.1 related to the Tax Cuts and Jobs Act (the 2017 Tax Act) that was accounted for as a provisional charge in accordance with Staff Accounting Bulletin No. 118. During the three and nine months ended September 30, 2018, the Company recorded an adjustment of \$0.9 and \$3.2, respectively, to recognize the imposition of the new minimum tax on global intangible income, which the Company accounts for as a period cost. The Company continues to analyze the impacts of the 2017 Tax Act; and all amounts recorded continue to be provisional.

As of September 30, 2018 and December 31, 2017, the liability for unrecognized tax benefits was \$9.2 and \$21.3, respectively, and is included in other long-term liabilities in the accompanying Consolidated Balance Sheets. As of September 30, 2018, the total amount of unrecognized tax benefits that would affect income tax expense if recognized in the Consolidated Financial Statements is \$8.5. This amount includes net interest and penalties of \$3.7. It is reasonably possible that the total amount of unrecognized tax benefits will decrease between approximately \$0.2 and \$4.0 in the next twelve months; however, actual developments in this area could differ from those currently expected.

15. PAYABLES AND OTHER CURRENT LIABILITIES

	At September 30, 2018	At December 31, 2017
Payables and other current liabilities:		
Accounts payable	\$ 72.9	\$ 41.3
Accrued income and other taxes	27.6	41.9
Accrued payroll-related expenses	134.6	131.6
Derivative liabilities	24.0	17.6
Accrued expenses, other	48.7	63.5
Restructuring and exit costs	13.4	8.7
Deferred revenue and government grants	14.2	17.5
	<u>\$ 335.4</u>	<u>\$ 322.1</u>

16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive income (loss):

	Foreign Currency	Derivative Financial Instruments	Pension Liability	Total
Balance at December 31, 2016	(\$ 56.6)	(\$ 25.5)	(\$ 31.7)	(\$ 113.8)
Other comprehensive income before reclassifications, net of tax	3.0	6.0	—	9.0
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	4.7	0.9	5.6
Net current-period other comprehensive income	3.0	10.7	0.9	14.6
Balance at March 31, 2017	(\$ 53.6)	(\$ 14.8)	(\$ 30.8)	(\$ 99.2)
Other comprehensive (loss) income before reclassifications	9.5	1.9	—	11.4
Settlement of pension obligation	—	—	—	—
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	3.1	0.8	3.9
Net current-period other comprehensive income	9.5	5.0	0.8	15.3
Balance at June 30, 2017	(\$ 44.1)	(\$ 9.8)	(\$ 30.0)	(\$ 83.9)
Other comprehensive (loss) income before reclassifications	5.7	(1.2)	(3.3)	1.2
Settlement of pension obligation	—	—	1.2	1.2
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	3.3	2.0	5.3
Net current-period other comprehensive income	5.7	2.1	(0.1)	7.7
Balance at September 30, 2017	(\$ 38.4)	(\$ 7.7)	(\$ 30.1)	(\$ 83.9)
Balance at December 31, 2017	(\$ 35.4)	\$ 10.4	(\$ 41.6)	(\$ 66.6)
Other comprehensive income (loss) before reclassifications, net of tax	6.4	(21.7)	(6.0)	(21.3)
Amounts reclassified from accumulated other comprehensive income, net of tax	—	1.6	1.5	3.1
Net current-period other comprehensive income (loss)	6.4	(20.1)	(4.5)	(18.2)
Balance at March 31, 2018	(\$ 29.0)	(\$ 9.7)	(\$ 46.1)	(\$ 84.8)
Other comprehensive (loss) income before reclassifications, net of tax	(12.8)	(13.7)	0.1	(26.4)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	2.2	1.5	3.7
Net current-period other comprehensive income (loss)	(12.8)	(11.5)	1.6	(22.7)
Balance at June 30, 2018	(\$ 41.8)	(\$ 21.2)	(\$ 44.5)	(\$ 107.5)
Other comprehensive (loss) income before reclassifications, net of tax	(5.1)	(5.8)	0.1	(10.7)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	3.7	1.5	5.2
Net current-period other comprehensive income (loss)	(5.1)	(2.1)	1.6	(5.5)
Balance at September 30, 2018	(\$ 46.9)	(\$ 23.3)	(\$ 42.9)	(\$ 113.0)

The following table summarizes the reclassification out of accumulated other comprehensive income (loss):

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Consolidated Statements of Income
	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018	
Loss on derivative instruments	(\$ 4.9)	(\$ 10.1)	Cost of providing services and products sold and Selling, general and administrative
Tax benefit	1.2	2.5	Income tax expense
Loss on derivative instruments, net of tax	(3.7)	(7.5)	Income from Continuing Operations, net of tax
Adjustments of pension and other post employment obligations	(2.0)	(6.0)	Selling, general and administrative
Tax benefit	0.5	1.5	Income tax expense
Adjustment of pension and other post employment obligations, net of tax	(1.5)	(4.5)	Income from Continuing Operations, net of tax
Total reclassifications for the period	(\$ 5.2)	(\$ 12.0)	

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Consolidated Statements of Income
	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017	
Loss on derivative instruments	(\$ 5.3)	(\$ 18.1)	Cost of providing services and products sold and Selling, general and administrative
Tax benefit	2.0	6.9	Income tax expense
Loss on derivative instruments, net of tax	(3.3)	(11.2)	Income from Continuing Operations, net of tax
Adjustments of pension and other post employment obligations	(3.3)	(6.2)	Selling, general and administrative
Tax benefit	1.3	2.6	Income tax expense
Adjustment of pension and other post employment obligations, net of tax	(2.0)	(3.6)	Income from Continuing Operations, net of tax
Total reclassifications for the period	(\$ 5.3)	(\$ 14.8)	

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