

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

FORM 20-F

☐ Registration statement pursuant to section 12(b) or (g) of the Securities Exchange Act of 1934

or

☒ Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
For the 12 months ended October 31, 2020

or

☐ Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

or

☐ Shell company report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 001-38187

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

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Ordinary Shares and* American Depositary Shares, each representing one ordinary share of Micro Focus International plc	MFGP	New York Stock Exchange

*Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

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

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of October 31, 2020 93,019,616 American Depositary Shares were issued and outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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

Large accelerated filer

☒

Accelerated filer

☐

Non-accelerated filer ☐

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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. ☐

[†]The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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

☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐

International Financial Reporting Standards as issued by the International Accounting Standards Board ☒

Other ☐

If “Other” has been checked in the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

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Introduction

Audited financial information presented in this Annual Report on Form 20-F is for the 12-month period ended October 31, 2020 and the comparative 12-month period ended October 31, 2019 and the 18-month period ended October 31, 2018.

In connection with the completion (“Closing”) in the 18-month period ended October 31, 2018 of the merger between Micro Focus International plc (“the Company” LSE: MCRO.L, NYSE: MFGP) and HPE Software’s business segment (“HPE Software business”), together the “Group” or “Enlarged Company”, the Board of Directors authorized a change of fiscal year end from April 30, 2018 to October 31, 2018 to allow the Company to launch the Enlarged Company’s financial year with effect from November 1, 2018. As a result, the Company was required to file a previous Annual Report on Form 20-F for the period of May 1, 2017 to October 31, 2018.

Exhibit 15.4 in our Annual Report and Accounts Form 20-F filed with the United States Securities and Exchange Commission on 21 February 2020, further presented the unaudited financial information presented for the 12-month period ended October 31, 2018 and the 6-month period ended October 31, 2017.

Cautionary statement on forward looking statements

The Securities and Exchange Commission, or the SEC, encourages companies to disclose forward-looking information so that investors can better understand a company’s future prospects and make informed investment decisions. Except for the historical information contained in this Annual Report on Form 20-F, the statements contained in this Annual Report are “forward-looking statements” which reflect our current view with respect to future events and financial results.

Words such as “may,” “anticipate,” “estimate,” “expects,” “projects,” “intends,” “plans,” “believes” and words and terms of similar substance used in connection with any discussion of future operating or financial performance, identify forward looking statements. Forward-looking statements represent management’s present judgment regarding future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

These risks include, but are not limited to, risks and uncertainties regarding:

- our ability to develop products and services that satisfy the needs of our customers;
- the effectiveness of our sales force and distribution channels;
- competition in the markets in which we operate;
- our ability to attract and retain sufficiently qualified management and key employees;
- the ongoing integration of HPE Software business into the Company, which may impede the ability of the Group to obtain the same types and levels of benefits, services and resources that have historically been provided to HPE Software business by HPE, which could lead to a failure to realize the anticipated benefits of the merger;
- our ability to identify, manage, complete and integrate acquisitions, divestitures and other significant transactions successfully;
- the availability, integrity and security of our IT systems;
- our ability to comply with national and regional laws and regulations across the various jurisdictions in which the Group operates;
- our dependence on intellectual property, our ability to protect intellectual property and third-party claims of infringement on intellectual property;
- our ability to comply with the covenants under our Credit Facilities (see note 18 “Borrowings” of the Consolidated financial statements in Item 18);
- restrictions on our ability to secure additional financing or refinance our existing financing;
- our exposure to fluctuations in currency exchange rates and interest rates, which could affect our variable rate indebtedness;

- the possibility of being required, in certain circumstances, to make tax indemnification payments to the former owner of the HPE Software business;
- the impact of future changes to, or interpretations of, US and non-US tax laws;
- our exposure to political developments in the United Kingdom, including political, legal and economic uncertainties in connection with the future of the UK and its relationship with the EU following its departure from the EU on January 31, 2020 and the end of the transition period on December 31, 2020;
- Our exposure to prevailing macro-economic trends;
- Our exposure to the practical and macro-economic impacts of COVID-19;
- our ability to protect the personal information of our customers;
- our ability to discover and address any material weaknesses or deficiencies in the Group's internal controls over financial reporting; and
- our ability to manage the risks involved in the foregoing.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this Annual Report might not occur. Investors are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Annual Report. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward- looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to us or to any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this document.

PART I

Item 1. Identity of Directors, Senior Management and Advisers
Not applicable.

Item 2. Offer Statistics and Expected Timetable
Not applicable.

Item 3. Key Information

Item 3. A. Selected financial data.

Selected consolidated financial data

The table below shows the Group’s selected consolidated financial data prepared under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The selected Consolidated income statement data for the 12-months ended October 31, 2020, the 12-months ended October 31, 2019, and the 18-months ended October 31, 2018 and the selected Consolidated balance sheet data as at October 31, 2020 and October 31, 2019 have been derived from our audited Consolidated financial statements included in “Item 18. Consolidated financial statements” in this Annual Report on Form 20-F. The selected consolidated income statement data for the 12-months ended April 30, 2017 and April 30, 2016 and the selected consolidated balance sheet data as at April 30, 2018, 2017 and 2016 have been derived from our consolidated financial statements not included in this Annual Report on Form 20-F.

The Group’s financial statements reflect the trading performance of the continuing and discontinuing operations for the 12-months ended October 31, 2020 compared to the 12-months ended October 31, 2019 and the 18-months ended October 31, 2018.

Within the 12-months ended October 31, 2020, the Group has not undertaken any corporate development activity that would have a material impact on the Group’s reported results.

The selected consolidated financial information should be read in conjunction with “Item 5. Operating and Financial Review and Prospects” and our consolidated financial statements and the related notes appearing elsewhere in this Annual Report on Form 20-F. The information provided below is not necessarily indicative of the results that may be expected from future operations.

Summarized Group consolidated statement of comprehensive income:

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m	12 months ended April 30, 2017 \$m	12 months ended April 30, 2016 \$m
Revenue	3,001.0	3,348.4	4,754.4	1,077.3	991.2
Cost of sales	(702.7)	(789.9)	(1,302.7)	(216.4)	(202.5)
Gross Profit	2,298.3	2,558.5	3,451.7	860.9	788.7
Selling and distribution costs	(1,112.1)	(1,224.8)	(1,764.2)	(363.1)	(312.6)
Research and development expenses	(513.6)	(491.2)	(680.8)	(122.8)	(117.4)
Administrative expenses	(3,334.0)	(620.8)	(629.9)	(147.6)	(111.5)
Operating (loss)/profit	(2,661.4)	221.7	376.8	227.4	247.2
Finance costs	(281.6)	(282.4)	(350.4)	(96.8)	(98.4)
Finance income	2.6	26.6	7.7	1.0	1.0
(Loss)/profit before tax	(2,940.4)	(34.1)	34.1	131.6	149.8
Taxation	(34.2)	16.0	673.1	(7.5)	(13.9)
(Loss)/profit from continuing operations	(2,974.6)	(18.1)	707.2	124.1	135.9
Profit from discontinued operation (attributable to equity shareholders of the Company)	5.1	1,487.2	76.9	33.7	27.0
(Loss)/profit after tax	(2,969.5)	1,469.1	784.1	157.8	162.9
Other comprehensive (expense)/income	(103.1)	(306.0)	29.3	(5.7)	0.6
Total comprehensive (expense)/income for the period	(3,072.6)	1,163.1	813.4	152.1	163.5
Attributable to:					
Equity shareholders of the Company	(3,072.6)	1,162.8	813.3	152.2	163.4
Non-controlling interest	-	0.3	0.1	(0.1)	0.1
Total comprehensive (expense)/income for the period	(3,072.6)	1,163.1	813.4	152.1	163.5
Continuing and Discontinued Operations					
Earnings per share					
Basic (cents)	(884.63)	388.50	201.70	68.88	74.50
Diluted (cents)	(884.63)	384.35	196.17	66.51	71.61
Continuing Operations					
Earnings per share					
Basic (cents)	(886.15)	(4.87)	181.91	54.17	62.40
Diluted (cents)	(886.15)	(4.87)	176.92	52.31	59.97

Summarized Group consolidated statement of financial position:

	October 31, 2020 \$m	October 31, 2019 \$m	October 31, 2018 \$m	April 30, 2017 \$m	April 30, 2016 \$m
Non-current assets	9,605.0	12,846.7	13,720.5	3,995.5	3,482.6
Current assets	1,541.8	1,448.1	1,917.6	442.2	954.4
Current assets classified as held for sale	-	-	1,142.5	-	-
Total assets	11,146.8	14,294.8	16,780.6	4,437.7	4,437.0
Current liabilities	1,788.3	1,802.0	2,010.4	944.7	1,061.8
Current liabilities classified as held for sale	-	-	437.7	-	-
Non-current liabilities	6,143.4	6,216.5	6,540.5	1,879.5	1,781.4
Total liabilities	7,931.7	8,018.5	8,988.6	2,824.2	2,843.2
Net Assets	3,215.1	6,276.3	7,792.0	1,613.5	1,593.8
Share Capital	47.3	47.2	65.8	39.7	39.6
Number of shares	364,545,377	363,583,328	436,800,513	229,674,479	228,706,210
	12 months ended October 31, 2020	12 months ended October 31, 2019 ¹	18 months ended October 31, 2018	12 months ended April 30, 2017	12 months ended April 30, 2016
Interim dividend 1	-	58.33	34.60	29.73	16.94
Interim dividend 2	-	-	58.33	-	-
Final dividend	15.50	-	58.33	58.33	49.74
Dividend declared per share (cents)	15.50	58.33	151.26	88.06	66.68

¹ The directors initially declared a dividend of 58.33 cents per ordinary share but this was cancelled subsequent to the year end due to the impact of COVID-19.

Item 3. B. Capitalization and indebtedness.

Not applicable.

Item 3. C. Reasons for the offer and use of proceeds.

Not applicable.

Item 3. D. Risk factors.

There are risks associated with owning Micro Focus ADSs. In addition to the other information included elsewhere in this Annual Report on Form 20-F, including in the section entitled “Cautionary Statement on Forward-Looking Statements,” you should carefully consider the following discussion of what we believe to be the most important risk factors applicable to the Group. The risks and uncertainties described below are not the only risks and uncertainties that the Group and holders of Micro Focus ADSs may face. In addition, it is not possible to predict or identify all such factors and additional risks and uncertainties not presently known to the Company, or that the Company currently considers immaterial, which could also materially adversely affect the business, results of operation, financial condition and prospects of the Group, as well as the value of Micro Focus ADSs.

The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on the business, financial condition, results of operation or prospects of the Group or the market price of the Micro Focus Shares or Micro Focus ADSs.

The information given is as of the date of this Annual Report on Form 20-F, and any forward-looking statements are made subject to the reservations specified under the section entitled “Cautionary Statement on Forward-Looking Statements”.

Principal risks and uncertainties

In common with all businesses, the Group could be affected by risks and uncertainties that may have a material adverse effect on its business operations and achieving its strategic objectives including its business model, future performance, solvency, liquidity and/or reputation. This includes any new, emerging or continuing direct or indirect risks posed by COVID-19. These risks could cause actual results to differ materially from forecasts or historic results. Accepting that risk is an inherent part of doing business, the board is mindful of the interdependencies of some risks. Where possible, the Group seeks to mitigate risks through its RMF (“Risk Management Framework”), internal controls and insurance, but this can only provide reasonable assurance and not absolute assurance against material losses. In particular, insurance policies may not fully cover all of the consequences of any event, including damage to persons or property, business interruptions, failure of counterparties to conform to the terms of an agreement or other liabilities. The following are the principal risks and uncertainties and potential impacts that are relevant to the Group as a provider of software products and associated services at this time. They do not comprise all of the risks associated with the Group and are not set out in priority order. Additional risks not presently known to management, or currently deemed to be less material, may also have an adverse effect on the Group.

Products
Principal risk description
To remain successful, the Group must ensure that its products continue to meet the requirements of customers and investment must be effectively balanced between growth and mature products. Investment in research and innovation in product development is essential to meet customer and partner requirements in order to maximize customer value, revenues and corporate performance. The Group has a large number of products, at differing stages of their life cycle. The extent of investment in each product set needs to be managed and prioritized considering the expected future prospects and market demand.
Potential impact
If products do not meet the requirements of customers, they will seek alternative solutions, resulting in the loss of existing maintenance and new revenue opportunities and the cancellation of existing contracts. Insufficient focus on key research and development projects may damage the long-term growth prospects of the Group. The Group’s business and reputation may be harmed by innovation that falls behind competitors, or by errors or defects in its products.

Sales / Go-To-Market (“GTM”) models
Principal risk description For the Group to succeed in meeting sales revenue and growth targets, it requires successful GTM models across the full Product Portfolio, with effective strategies and plans to exploit all routes to market, including direct and channel/partner led sales. In addition, the Group must focus the sales force on targeted customer segments and ensure appropriate responses to the market dynamics related to changes in customer buying behaviors. Effective GTM models may be more successful if accompanied by compelling Micro Focus brand awareness programs. The Group is dependent upon the effectiveness of its sales force and distribution channels to drive licence and maintenance sales and a reference-based selling model. This risk was increased given the COVID-19 restrictions across various regions, from time to time in the period.
Potential impact Poor design and/or execution of GTM plans may limit the success of the Group by targeting the wrong customers through the wrong channels and positioning the wrong product or solution offerings, reducing the value that customers receive from Micro Focus.

Competition
Principal risk description Comprehensive information about the markets in which Micro Focus operates is required for the Group to assess competitive risks effectively and to perform successfully. The Group operates in a number of competitive markets and success in those markets depends on a variety of factors. This risk increased in the period due to the ongoing pace and scale of change across the IT competitive landscape.
Potential impact Failure to understand the competitive landscape adequately and thereby identify where competitive threats exist may damage the successful sales of the Group’s products. If the Group is not able to compete effectively against its competitors, it is likely to lose customers and suffer a decrease in sales, which may result in lost market share and weaker financial performance.

Employees and culture
Principal risk description The recruitment and retention of highly skilled and motivated employees at all levels of the Group, is critical to the success and future growth of the Group in all countries in which it operates. Employees require clear business objectives and a well communicated vision and set of values for the Group to achieve high levels of employee engagement and a common sense of corporate purpose among the workforce. This risk was increased given the COVID-19 restrictions across various regions, from time to time in the period.
Potential impact Failure to attract, develop and retain skill sets, particularly in sales and research & development, may hinder the Group's sales and development plans. Weak employee engagement, organizational alignment and inadequate incentivization may lead to poor performance and instability. It could also have an adverse impact on the realization of strategic plans.

IT systems and information
Principal risk description The Group's operations, as with most businesses, are dependent on maintaining and protecting the integrity and security of the IT systems and management of information. Following the integration of the HPE Software business the Group continues to operate on two IT architectures with the attendant complexity to business operations and the control environment. As set out in Item 5.D, work continues to transition the Group to a simplified IT systems architecture. The transition may be more time consuming and costly than anticipated, given the amount of change management that is involved. This risk was increased given the COVID-19 restrictions across various regions, from time to time in the period.
Potential impact Disruption to the IT systems could adversely affect business and Group operations in a variety of ways, which may result in an adverse impact on business operations, revenues, customer relations, supplier relations, and reputational damage. Dependency on IT providers could have an adverse impact on revenue and compliance in the event that they cannot resume business operations.

Business strategy and change management
<p>Principal risk description</p> <p>The Group is engaged in a number of major change projects, including acquisitions and divestments, to shape and grow the business by strengthening the portfolio of products and capabilities and IT projects to standardize systems and processes. The continued integration of the HPE Software business is complex, with a range of integration and transformation risks. The integration of the HPE Software business with the existing businesses carried on by the Group may be more time consuming and costly than anticipated.</p> <p>The Group is also executing a series of operational transformation initiatives. These projects expose the Group to significant transformation risks. The Group's strategy may involve the making of further acquisitions or divestments to protect or enhance its competitive position and failure to identify, manage, complete and integrate acquisitions, divestments and other significant transactions successfully could have a material adverse effect on the Group's business.</p> <p>Further, the Group is progressing with a number of initiatives stemming from the Strategic & Operational Review carried out in the previous financial year, which may further increase disruption to "business as usual" activities across the Group. This risk was increased given the COVID-19 restrictions across various regions, from time to time in the period.</p> <p>Potential impact</p> <p>Failure to successfully analyze, execute and coordinate the implementation and delivery of the core systems and associated business processes with the various integration, divestment and transformation programs may result in the disruption of the on-going business without delivering the anticipated strategic and operational benefits of such transactions and/or initiatives. In addition, this may affect the ability to execute strategic plans for growth.</p>
Legal and regulatory compliance
<p>Principal risk description</p> <p>The Group operates across a number of jurisdictions and two regulated exchanges. Compliance with national and regional laws and regulations, including those that relate to ESG matters, such as Task Force on Climate-related Disclosure ("TCFD") requirements, is essential to successful business operations. The Group may be involved in legal and other proceedings from time to time, and as a result may face damage to its reputation or legal liability. The Group has entered into various acquisitions and disposals over recent years and may be subject to, or have the benefit of, certain residual representations, warranties, indemnities, covenants or other liabilities, obligations or rights. The Group has a variety of customer contracts in a variety of sectors, including Government clients. This risk was increased in the period due to the variety COVID-19 restrictions in place across regions in which the Group operates and the heightened complexity this posed to securing personal and/or sensitive information, particularly in work-from-home settings.</p> <p>Potential impact</p> <p>Failure to comply could result in civil or criminal sanctions (including personal liability for directors), as well as possible claims, legal proceedings, fines, loss of revenue and reputational damage.</p>

Intellectual property (“IP”)
<p>Principal risk description</p> <p>The Group is dependent upon its IP and its rights to such IP may be challenged or infringed by others or otherwise prove insufficient to protect its business. The Group’s products and services depend in part on IP and technology licensed from third parties. Third party claims of IP infringement against the Group may disrupt its ability to sell its products and services.</p>
<p>Potential impact</p> <p>This IP risk could adversely affect the ability of the Group to compete in the market place and affect the Group’s revenue and reputation.</p>

Treasury
<p>Principal risk description</p> <p>The Group’s operational and financial flexibility may be restricted by its level of liquidity, indebtedness and covenants. Financing costs could increase or financing could cease to be available in the long-term. The Group may incur materially significant costs if it breaches its covenants under its banking arrangements.</p> <p>The Group targets a Net debt¹ to Adjusted EBITDA² ratio of 2.7 times and may require additional debt funding in order to execute its strategy. The Group is exposed to interest rate risk related to its variable rate indebtedness, which could cause its indebtedness service obligations to increase significantly.</p> <p>The Group operates across a number of jurisdictions and so is exposed to currency fluctuations.</p> <p>¹ Net Debt is defined as cash and cash equivalents less borrowings and lease obligations. ² Adjusted EBITDA is defined as net earnings before finance costs, finance income, taxation, share of results of associates, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, exceptional items including the gain on disposal of discontinued operation, share-based compensation, product development intangible costs capitalized and foreign exchange (gains)/losses.</p>
<p>Potential impact</p> <p>Insufficient access to funding could limit the Group’s ability to achieve its desired capital structure or to complete acquisitions. An increase in interest rates could have a significant impact on business results.</p> <p>The relative values of currencies can fluctuate and may have a significant impact on business results.</p>

Tax
Principal risk description <p>The tax treatment of the Group’s operations is subject to the risk of challenge by tax authorities in all territories in which it operates. Cross-border transactions may be challenged under tax rules and initiatives targeting multinationals’ tax arrangements.</p> <p>International tax rules continue to develop at each of the OECD, EU and national levels and the pace of change may increase in the short-term as a result of the US election and the COVID-19 pandemic. Future changes to tax laws could adversely affect the Group across the territories in which it operates.</p> <p>As a result of the HPE Software business merger, the Group may be required under the Tax Matters Agreement entered into with HPE (the “TMA”) to indemnify HPE, if actions undertaken by the Group affect the tax treatment of the separation of the HPE Software business from HPE.</p>
Potential impact <p>Tax liabilities in the territories in which the Group operates could increase as a result of either challenges of existing positions by tax authorities or future changes in tax law. Specifically, given the substantial operations in the US any changes in tax policy that might arise from the results of the US election could have a significant impact on the Group. Furthermore, if the Group is required to make indemnification payments to HPE under the TMA, these could be substantial.</p>
Macro-economic environment, Pandemic and Brexit
Principal risk description <p>The Group’s businesses may be subject to inherent risks arising from the general and sector specific economic, public health, pandemics and political conditions, including as a result of any pandemics or natural disasters, in one or more of the markets in which the Group operates. This is heightened by the fact the Group sells and distributes its software products globally. Exposure to political developments in the United Kingdom, including the terms and manner of the UK’s withdrawal from the EU, could have an adverse effect on the Group. Further deterioration of the macro environment could result in more conservatism and longer decision-making cycles within the Group’s customer base. This risk was increased given the COVID-19 restrictions across various regions, from time to time in the period.</p>
Potential impact <p>Adverse economic conditions could affect sales, and other external economic or political matters, such as price controls, could affect the business and revenues.</p>

COVID-19
<p>Principal risk description</p> <p>The Group, like all businesses, is navigating through a period of disruption, as it has responded to the practical and macro-economic impacts of COVID-19. COVID-19 still presents fast moving, and in some areas unpredictable, direct and indirect risks to the Group's businesses. The Group may be subject to inherent risks arising from the continuation of the on-going COVID-19 pandemic. Further deterioration of the macro environment could result in more conservatism and longer decision-making cycles within the Group's customer base.</p>
<p>Potential impact</p> <p>Adverse economic conditions arising as a result of the continuation of the COVID-19 pandemic could affect sales performance and business operations.</p>
Cyber security
<p>Principal risk description</p> <p>There could be a data security breach (Micro Focus data or customer data) involving personal, commercial or product data, either directly from Micro Focus or a third party. This could occur as a result of a malicious or criminal act, or an inadvertent system error. This risk was increased in the period due to the general increased threat of cybercrime and sudden increase of work-from-home employees caused by COVID-19 restrictions across various regions, from time to time in the period.</p>
<p>Potential impact</p> <p>Data loss, which could harm client and customer relationships, compliance and/or perception of the effectiveness of the Group's products.</p>
Internal controls over financial reporting
<p>Principal risk description</p> <p>Internal controls over financial reporting may not prevent or detect an error, fraud, financial misstatement or other financial loss, leading to a material misstatement in the Group's financial statements.</p>
<p>Potential impact</p> <p>Failure to discover and address any material weaknesses or deficiencies in the Group's internal controls over financial reporting could result in material misstatement in the Group's financial statements and impair the Group's ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Based on the assessment as at October 31, 2020, management identified a material weakness in the Group's internal controls over financial reporting, relating to inadequate controls surrounding existing IT applications, in particular regarding change management and access controls. As a result of those deficiencies, automated controls and controls over information produced by the entity related to those applications could not be relied upon. Please refer to the FY20 Annual Report on SOX compliance in Item 15.A to D. Although the Group continues to implement measures to address and remediate this material weakness, failure to do so, and the risk that other deficiencies may be identified, could also result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of the Group's financial statements and could have a material adverse effect on the Group's business, financial condition, results of operation and prospects.</p>

Item 4. Information on the Company

Item 4. A. History and development of the company.

Overview

Micro Focus International plc (“Micro Focus”) is a global enterprise software business delivering value to approximately 40,000 customers. Micro Focus helps organizations run and transform their business. Driven by customer-centric innovation, Micro Focus software provides the critical tools customers need to build, operate, secure and analyze the enterprise.

The Company is subject to the information requirements of the US Securities Exchange Act of 1934 applicable to foreign private issuers. In accordance with these requirements, the company files its Annual Report on Form 20-F and other documents with the SEC. The Company’s SEC filings are available to the public at the SEC’s website, www.sec.gov.

Access comprehensive information about the Company and download shareholder publications at the corporate website; visit the Investor Relations section for the latest company news, dividend and share price data.

[Our website – www.microfocus.com](http://www.microfocus.com)

The Micro Focus Group, headquartered in Newbury, U.K., is a global enterprise software company supporting the technology needs and challenges for our 40,000 customers. The registered office of the Company is The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN, United Kingdom (Tel: +44 1635 565200). Its solutions help organizations leverage existing IT investments, enterprise applications and emerging technologies to address complex, rapidly evolving business requirements while protecting corporate information at all times.

Micro Focus was founded in 1976 and in 1981 it became the first company to win the Queen’s Award for Industry purely for developing a software product. The product was CIS COBOL, a standard-compliant COBOL implementation for microcomputers. Micro Focus’ COBOL products remain important components of the Micro Focus Product Portfolio, which now extends to more than 300 products.

Micro Focus International plc is listed on the London Stock Exchange and is a member of the FTSE 250 index. The Company’s American Depositary Shares (the “ADSs”) are listed on the New York Stock Exchange.

As of February 22, 2021 (the latest practicable date prior to the date of this Annual Report on Form 20-F), Micro Focus had a market capitalization of £1.4 billion (\$2.0 billion).

Micro Focus has more than 40 years of experience in delivering proven, scalable and robust solutions.

Acquisitions and Investments

This Annual Report covers the 12-months ended October 31, 2020 with the comparative periods being the 12-months ended October 31, 2019 and the 18-months ended October 31, 2018.

Within the 12-months ended October 31, 2020, the Group has not undertaken any corporate development activity that would have a material impact on the Group’s reported results.

Details of business combinations including the transaction to acquire ATAR Labs for the 12-months ended October 31, 2020 and additional transactions in the 12-months ended October 31, 2019 and the 18-months ended October 31, 2018 can be found in note 33 “Acquisitions” of the Consolidated financial statements in Item 18.

Item 4. B. Business overview.

Item 4.B.1.

Who we are

We deliver mission critical technology that serves a central role in thousands of core strategic and operational functions such as testing, monitoring, delivery, analysis, engagement, security and compliance for our 40,000 customers.

With a large software portfolio, backed by a deep inventory of advanced analytics that delivers insights, efficiencies, and automation, we help customers bridge existing and emerging technologies to adapt and succeed in the evolving economy. We call that Smart Digital Transformation.

We aim to have an unwavering focus on pragmatism, discipline, and customer-centric innovation. This helps our customers balance short-term business resiliency with long-term transformation, attain a high level of flexibility, future-proof investments in IT and related processes, and rest assured that they will be supported over time.

What we do

We help organizations find a balance between safeguarding existing revenue models and taking the necessary steps to compete in an evolving marketplace over the long run. By delivering software that is open, flexible, and backwards compatible, we help bridge the existing and the emerging so customers can ultimately run and transform their business at the same time.

The rules of business are quickly being rewritten as new technologies, engagement models, and customer expectations force organizations to rethink their IT strategies. Those who can quickly transform and expose new business opportunities are most likely to achieve long-term success. However, speed must be balanced with pragmatism as organizations grapple with changes to how and where we do business, which can pose organizational uncertainty and risk.

Our portfolio, backed by a deep inventory of advanced analytics and on-going innovations, helps deliver the four key outcomes required to succeed in the digital economy:

- Accelerate Application Delivery

Reliably scale Agile and DevOps across all environments, from mainframe to cloud—quickly bringing innovative ideas to life at the pace of business demands.

- Simplify IT Transformation

Simplify the complexity of hybrid IT and transform into an agile, services-driven organization.

- Strengthen Cyber Resilience

Intelligently adapt security to respond to an ever-evolving threat landscape and protect the company’s most important assets.

- Analyze in Time to Act

Leverage machine learning to transform unlimited volumes of data into accurate, actionable, and automated insights.

Our portfolio and product groups

The Micro Focus Product Portfolio contains over 300 products; both long-standing and deeply embedded software products and high growth offerings that are designed to support customers across the four outcomes set out above. These products are grouped into five groups:

- **Application Modernization & Connectivity (AMC)**

AMC solutions help customers unlock the value from core business applications and support a transformational journey to create greater value from longstanding IT investments, on or off the mainframe.

- **Application Delivery Management (ADM)**

ADM solutions help customers increase velocity, remove bottlenecks and deliver high-performing applications to better support their digital business. Combined, these solutions increase stakeholder alignment and the delivery of value, while liberating resources to release faster without compromising quality.

- **IT Operations Management (ITOM)**

ITOM Solutions simplify the complexity of managing hybrid IT environments. Powered by analytics, they accelerate the service fulfilment life cycle, strengthen IT service assurance and governance, and help business users easily engage with IT.

- **Security**

Security provides enterprises with intelligent solutions to create cyber resilience through detecting threats, securing data and applications, and protecting identities – enabling customers to adapt and evolve for the future.

- **Information Management & Governance (IM&G)**

IM&G solutions help customers analyze, understand, and control data – to derive value and manage enterprise risk. Efficient compliance, governance, customer behavior, and IOT analytics are representative use cases.

During the prior year the Group completed the separation and sale of the SUSE business. SUSE provided and supported enterprise-grade Open Source software defined infrastructure solutions and Linux. SUSE is presented as a discontinued operation in all periods reported elsewhere in this Annual Report on Form 20-F. Commentary in this Annual Report on Form 20-F is in relation to the Micro Focus Product Portfolio, and does not include SUSE.

Product developments

In FY20 we continued to invest significantly in our products delivering key enhancements and major new releases across every portfolio. In total we delivered over 500 enhancements or new releases with notable developments including:

- **Information, Management & Governance:** major releases of our leading Compliance & Archiving and Big Data solutions to deliver expanded cloud capabilities and coverage and support new cross-industry use cases;
- **IT Operations & Management:** delivery of a new architecture and Artificial Intelligence capabilities to enable the rapidly increasing levels of operational data to be collected, analyzed and actioned more effectively;
- **Application Delivery Management:** new SaaS capabilities and advancements in support of modern quality management practices;
- **Application Modernization and Connectivity:** major enhancements to support customers in modernizing mainframe workload with expanded cloud capability further consolidating our leadership position in this increasingly important area; and
- **Security:** new Artificial Intelligence and Machine Learning capabilities, expanded multi-cloud support and enhanced capabilities to support customers in their key data privacy initiatives.

Adapting to market changes: transition to SaaS and Subscription

In FY20 we also began to take a more definitive approach to delivering Subscription and SaaS-based offerings as a key part of our strategy and to accelerate the transition to these models where appropriate within our portfolios. The transition is being managed over multiple financial periods with initial focus on products where this model is the emerging or de-facto market standard.

In FY20, accomplishments included:

- Investment in infrastructure to improve service levels and scale with our customer demands;
- The realignment of compensation plans to deliver this strategy; and
- The release of multiple Security and Big Data offerings in SaaS and Subscription form delivering year-on-year growth in bookings and new logos in both portfolios.

In FY21, we plan to continue to invest in improving our SaaS infrastructure and develop existing and new offerings. In FY21 we plan to lead with SaaS or Subscription in targeted areas of our portfolio and expect, by FY22, SaaS or Subscription to be the only offerings available in these targeted areas.

Item 4.B. 2 Principal markets

Details of the principal markets in which the Group operates including a breakdown of revenue by activity and geographic market is disclosed in note 2 “Supplementary Information” of the Consolidated financial statements in Item 18.

Our markets

Technology trends

Digital transformation

Digital transformation has been at the top of virtually every organization’s list of objectives and concerns for several years.

Digital transformation also plays a major role in enabling our customers to respond to the societal changes that we see at play in the global economy - from Big Data solutions ensuring logistic companies maximize routing efficiencies whilst minimizing carbon emissions, to embedding the latest cyber resilience in smart cities to support rapid urbanization.

A combination of technology advancements, evolving customer expectations, process enhancements (e.g. digitalization), and new business models are forcing executives to rethink prior IT strategies, and digitally transforming the organization represents an opportunity to meet these changing requirements.

There are several advantages to pursuing a transformation strategy, which can help our customers drive revenue (top-line benefits) or help organizations better manage risk and cost (bottom-line benefits) as outlined below:

- **Boost and sustain revenue**

Access to increasing amounts of data and new ways to bridge formerly distinct data silos now enable organizations to achieve actionable insights. As a result, organizations can more effectively act on unmet customer needs, underfunded parts of the business, emerging business models, and more.

- **Drive customer engagement**

Organizations are constantly looking for new and better ways to engage customers. With the right investments, they can eliminate intermediaries and employ digital platforms to reach and serve customers directly, closing the loop between data and action, and truly understand their customers and better satisfy their needs.

- **Deliver with greater speed**

Customer expectations are constantly advancing, especially when it comes to accessing new and emerging benefits. With cognitive search, employees are able to perform knowledge discovery more efficiently; and with smarter functional testing, organizations can deliver innovation at lower risk than ever before.

- **Improve quality and delivery**

Gaining access to AIOps (“Artificial Intelligence for IT Operations”) helps organizations reduce event volumes and get to root cause faster, and emerging service assurance technology combines data from hundreds of tools into a single pane of glass to discover IT resources and dependencies and fast-track problem resolution.

- **Streamline and enhance processes**

Organizations that digitally transform can better streamline the back office with Robotics Process Automation (“RPA”), drive intelligent manufacturing with IOT analytics, and automate planning monitoring and scheduling.

- **Detect and prevent risk**

Evolving IT and processes help organizations efficiently manage policies and privileges, identify insider threats, better lock down mainframe access, comply with regulations, and protect consumer privacy.

With so many benefits, it is understandable why “transform” is a critical-path strategy for virtually every organization on the planet.

In responding to the COVID-19 pandemic, IT executives across the world have had to make rapid changes to their working processes – rolling out capacity for remote work, online collaboration, and access to essential data and tools to whole workforces. The desire to “keep the lights on” soon became critical, and organizations started prioritizing investments that were optimized to “run” the business instead of “transform” it.

As time went on, what was once considered a short-term anomaly, quickly became the ‘new normal’ for business. Organizations thus had to take immediate action and show customers that they could continue delivering value. The pendulum thus began to swing again, and organizations sought out an IT strategy that balances short-term business resiliency with long-term value capture.

Today, the market for digital transformation remains robust. External forecasts predict that spending on solutions in this space will continue at a solid pace despite the challenges presented by the pandemic – with global spending projected to reach \$2.1 trillion by 2023, growing at 15.5% CAGR over that time. This is consistent with our own primary research, which suggests that organizations are not just maintaining a high level of spend for digital transformation, but in fact they are accelerating projects due to the benefits realized during the pandemic by organizations that proactively pursued these initiatives and adapted more quickly to evolving market conditions.

In helping organizations to bridge the gap between existing and emerging technologies our customers are able to balance the need to both run and transform their business at the same time – which we believe are key elements of a successful digital transformation program.

With new expectations being placed on IT, and as organizations are finding new and better ways to bridge formerly distinct data silos, artificial intelligence/machine learning is quickly becoming a critical element of the digital transformation landscape. The advanced analytics can improve service management, streamline fulfilment, automate the data center, expedite data classification, automate processes, and expedite analysis and action. With a strong set of artificial intelligence/machine learning intellectual property (e.g. Vertica, IDOL, Intersect), which is integrated across the portfolio, Micro Focus can deliver the insights, efficiencies, and automation necessary to succeed in today’s rapidly evolving marketplace.

Item 4.B.3 Seasonality

Micro Focus’ quarterly revenues have historically been affected by a variety of factors typical of the seasonality of an enterprise software business with a licence fee model and the industry in which it operates.

The operating margins of the Group are generally affected by seasonal factors in a similar manner because the Group has a largely fixed costs which remains consistent throughout the year. Micro Focus believes that this trend will continue in the future and that its total revenue will continue to peak in the fourth fiscal quarter of each year. The Group changed its financial year end to October 31 in 2018. As a result the fourth quarter licence fee peak moved from April 30, in periods before 2018, to October 31, in periods after, and including, 2018. Maintenance and SaaS and other recurring fee renewals are spread throughout the financial year, however, there is a seasonal peak in the quarter ending January 31 as a result of the calendar year end, which coincides with the financial year-end of a large number of other companies.

Item 4.B.4 Raw Material

Not applicable

Item 4.B.5 Product groups

Our sales organization operates with a single global strategic plan and execution model. Sales teams are organized by geography with product specialists in larger jurisdictions. We also have a broad network of more than 7,500 partners to supplement customers’ in-house resources and help them adapt to evolving market demands.

Following the Strategic & Operational review carried out in the previous period the Group has been focused implementing a number of initiatives to deliver operational excellence. The two key operational excellence initiatives are described below.

Security and Big Data

In FY20 we began to take a differentiated approach to investment and operational management in Security and Big Data, in order to better position ourselves to address growth opportunities. The priorities remain: delivering new innovation in response to rapidly changing market opportunities, expanded cloud and cross-industry use case support and further developing existing and new SaaS and subscription offerings.

In Security we also completed a small acquisition to deliver native Security, Orchestration and Remediation (S.O.A.R) capabilities, which removed a gap in our offering. Our Security portfolio is broad and our experience and expertise is deep. From this foundation we plan to continue to focus on delivering comprehensive solutions and thought leadership around Cyber Resilience as customers seek to protect their businesses from new and increasingly sophisticated threats.

Changes in operational management have focused on improving speed and agility through better end-to-end organizational alignment. This has been supported by more targeted customer coverage underpinned by the addition of dedicated and improved leadership capacity and talent, and specialist sales resources.

In FY21 we plan to consolidate improvements made and seek to accelerate in key areas of application security, data privacy and next generation security incident and event management. In addition to delivering on our product innovation commitments, progress is intended to be underpinned by ongoing investment in specialist sales capability and the development of improved indirect channels to market.

Go-To-Market

Our goal is delivering consistent, sustained improvement to our revenue performance through increases in sales productivity and the more effective alignment of our resources to opportunity. Our sales processes have been overly complex in part because acquisitions have not been fully integrated.

Notable achievements include:

- A single methodology deployed globally to enable more consistent execution;
- A new planning process to drive more effective deployment of resources to the right opportunities within our customer base and specialization by Product Portfolio to better pursue market opportunities;
- Improvements to the leadership team through internal moves and significant levels of external recruitment; and
- Improved enablement training and the implementation of new support tools.

In the second half of the year, these changes led to better predictability and improved performance across key sales metrics and over time we expect them to deliver better revenue performance for the Group.

The objective for FY21 is to ensure these changes are fully embedded in the organization and accelerate initiatives aimed at improving performance in maintenance and delivering new capabilities in both SaaS and Subscription to capture new opportunities and further improve the mix of recurring revenue within the Group.

Item 4.B.6 Patents, licenses, industrial, commercial or financial contracts

The Group has over 300 products in its portfolio and has released over 500 enhancements or new releases in relation to these products during FY20. These products are protected by patents. Our patent portfolio is one of the ten largest in the pure-play enterprise software market. Details of the Groups key financial contracts are included in Items 5.B and 10.C.

Item 4.B.7

Not applicable

Item 4.B.8

Not applicable

Item 4. C. Organizational structure.

The Group’s parent company is Micro Focus International Plc.

A full list of the Group’s subsidiaries can be found in note 35 “Related undertakings” of the Consolidated financial statement in Item 18.

Item 4. D. Property, plants and equipment.

The Group owns or leases a large number of properties, in over 40 countries worldwide. The Group’s headquarters are located at premises in Newbury, England and are owned by the Group. The Group has two individual leased properties which are material to the Group. One is located in Provo, Utah, where the Group currently leases approximately 405,700 square feet of office space. The lease on this facility expires in 2024, with an option to extend for a further three, five-year periods. The Group’s current annual rent under this lease is \$8.4 million. Since March 1, 2019, part of the property has been sublet. Current annual sub-lease income is \$1.1 million. The other property is located in Santa Clara, California, where the Group currently leases approximately 635,000 square feet of office space. The lease on this facility expires in 2029, with an option to extend for one further five-year period. The Group’s current annual rent under this lease is \$4.7 million. The Group is currently not utilizing one floor of this facility and the related right-of-use assets has been tested for impairment with a partial impairment recorded.

Further information on property, plant and equipment and leases is included under the headings:

- “Property, plant and equipment” in note 12 of the Consolidated financial statements in Item 18;
- “Leases” in note 19 of the Consolidated financial statements in Item 18.

Item 4A. Unresolved Staff Comments

There are no unresolved written comments from the SEC staff regarding its periodic reports under the Exchange Act received more than 180 days before October 31, 2020.

Item 5. Operating and Financial Review and Prospects

The following discussion and analysis is intended to provide investors with an understanding of the historical performance of the Company and its financial condition. This discussion and analysis presents the factors that had a material effect on the results of operations of the Group for:

- the 12-month period ended October 31, 2020, as compared to the 12-month period ended October 31, 2019, and
- the 12-month period ended October 31, 2019, as compared to the 18-month period ended October 31, 2018.

The following discussion and analysis contains forward-looking statements. See “Risk Factors” in Item 3D on page 10 and “Cautionary Statement on Forward-Looking Statements” on page 5 in this Annual Report on Form 20-F for a discussion of the uncertainties, risks and assumptions associated with these statements. The following should be read in conjunction with the Group’s Consolidated financial statements and the notes thereto included in Item 18.

Item 5. A. Operating results

Business Overview

This Annual Report covers the 12-months ended October 31, 2020 with the comparative periods being the 12-months ended October 31, 2019 and the 18-months ended October 31, 2018.

The discussions for the 12-month period ended October 31, 2019 as compared to the 18-month period ended October 31, 2018 can be found in Items 5.A of the Group’s Annual Report on Form 20-F for the 12-months ended October 31, 2019 which is available at <https://www.microfocus.com/en-us/investors/investor-download-centre> and has been filed with the SEC.

Within the 12-months, the Group has not undertaken any corporate development activity that would have a material impact on the Group’s reported results

Results of Operations

The results of operations should be read in conjunction with the Consolidated financial statements included under Item 18 in this Annual Report on Form 20-F. The Consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

All narrative within this report focuses on the continuing operations unless otherwise stated.

The results of the discontinued operation are shown as a single amount on the face of the Consolidated statement of comprehensive income in Item 18 comprising the post-tax profit or loss of the discontinued operations and the post-tax gain or loss recognized either on measurement to fair value less costs to sell or on the disposal of the discontinued operation. The Consolidated statement of cash flows has been presented in Item 18 including the discontinued operation. Results and cash flows of the discontinued operation for the two reported periods are shown in note 32 “Discontinued operation” of the Consolidated financial statements in Item 18.

The comparative amounts for the 12-months ended October 31, 2019 and the 18-months ended October 31, 2018 reflect the following events:

- The Group changed accounting year-end in a period ended October 31, 2018 from April 30, 2018 to October 31, 2018 as a result a comparative period for the 18-month period ended on October 31, 2018 is presented;
- The amounts presented exclude the discontinued SUSE business, disposed of in the 12-month period ended October 31, 2019, from individual line items presented for the 12 months ended October 31, 2019 and the 18-months ended October 31, 2018; and
- The 18-month period ended October 31, 2018 only includes 14 months of results for the HPE Software business acquired during that period.

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	Period- on- period change %	18 months ended October 31, 2018 \$m	Period- on- period change %
Continuing operations					
Revenue	3,001.0	3,348.4	(10.4)%	4,754.4	(29.6)%
Operating profit (before exceptional items)	350.2	515.9	(32.1)%	915.0	(43.6)%
Exceptional items	(3,011.6)	(294.2)	(923.7)%	(538.2)	45.3%
Operating (loss)/profit	(2,661.4)	221.7	(1,300.5)%	376.8	(41.2)%
Net finance costs (excluding exceptional items)	(279.0)	(255.8)	(9.1)%	(336.9)	(24.1)%
Exceptional finance costs	-	-	n/a	(5.8)	n/a
(Loss)/profit before tax	(2,940.4)	(34.1)	(8,522.9)%	34.1	(200.0)%
Taxation	(34.2)	16.0	(313.8)%	673.1	(97.6)%
(Loss)/profit from continuing operations	(2,974.6)	(18.1)	(16,334.3)%	707.2	(102.6)%
Profit from discontinued operation	5.1	1,487.2	(99.7)%	76.9	1,833.9%
(Loss)/profit for the period	(2,969.5)	1,469.1	(302.1)%	784.1	87.4%

Revenue

In the 12-months ended October 31, 2020, the Group generated revenue of \$3,001.0 million, which represents a decrease of \$347.4 million (10.4%) on the \$3,348.4 million in 12-months ended October 31, 2019.

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	Period- on- period change %	18 months ended October 31, 2018 \$m	Period- on - period change %
Continuing operations					
Licence	646.5	800.0	(19.2)%	1,213.7	(34.1)%
Maintenance	1,921.2	2,057.6	(6.6)%	2,861.6	(28.1)%
SaaS & other recurring	245.5	279.7	(12.2)%	373.9	(25.2)%
Consulting	188.4	217.9	(13.5)%	366.3	(40.5)%
Revenue before haircut	3,001.6	3,355.2	(10.5)%	4,814.5	(30.3)%
Deferred revenue haircut	(0.6)	(6.8)	91.2%	(61.1)	(88.9)%
Total Revenue	3,001.0	3,348.4	(10.4)%	4,754.4	(29.6)%

Revenue in the table above and the subsequent trends in this section are presented before the impact of the deferred revenue haircut, which represents the unwinding of a fair value adjustment to acquired deferred revenue.

Revenue by stream performance

Licence revenue decreased by \$153.5 million (19.2%) to \$646.5 million in the 12-months ended October 31, 2020 compared with \$800.0 million in the 12-months ended October 31, 2019.

The Group's Licence revenue performance in the period was impacted by the Go-To-Market transformation activities undertaken during the period, which are designed to moderate the rate of revenue decline over the next three years. In the first quarter, a new global sales model was launched and a number of sales leadership changes were made as part of this transformation which has resulted in an improvement in the underlying sales operating metrics. This gives the board confidence that the changes are beginning to have an impact and in the second half of the financial period, the rate of Licence revenue decline moderated.

The stabilization of Licence revenue remains a key objective of the Group and the steps outlined within Item 4.B of this document are the focus areas required to improve the performance in future periods.

In particular (page 27):

- Licence revenue in Application Modernization & Connectivity ("AMC") declined by 18.9% in the 12-months ended October 31, 2020. Period-to-period volatility is not unusual in AMC driven by the timing of large scale modernization projects. In the current period, the Group witnessed increasing demand for such projects; however the initiation of new modernization projects has been impacted by COVID-19, with customers electing to defer such projects to future accounting periods.
- Licence revenue in Application Delivery Management ("ADM") declined by 21.7% in the 12-months ended October 31, 2020. The Group's ADM product group has performed below expectation in the current financial period. In addition to the actions within the overall Go-To-Market transformation, which are designed to improve sales execution, we have undertaken a number of corrective actions specific to ADM. These actions are focused on product positioning, maintenance renewals and SaaS offerings. The combination of the Go-To-Market transformation actions and portfolio specific actions are aimed at driving improvement in performance within the portfolio.

Licence revenue in IT Operations Management (“ITOM”) declined by 26.3% in the 12-months ended October 31, 2020. This performance is below our expectations and significant focus is being applied to correct the trajectory. In addition to the actions with the overall Go-To-Market transformation, the Group is undertaking structural changes to products in order to re-position the core proposition within this product group and achieve defensible core stable recurring revenue.

- Licence revenue in Security declined by 12.4% in the 12-months ended October 31, 2020. In the period, the Group has released a number of new capabilities and enhancements to existing products following investments outlined with the Strategic & Operational Review. As a result, the Group is seeing moderation in the rate of decline in a number of sub-portfolios with some products returning to period-over-period licence growth.

Maintenance revenue decreased by \$136.4 million (6.6%) to \$1,921.2 million in the 12-months ended October 31, 2020 compared with \$2,057.6 million in the 12-months ended October 31, 2019.

The maintenance trends and renewal rates vary at a product group level with different growth profiles witnessed at a portfolio level.

The main movements at a portfolio level were (page 27):

- Maintenance revenue in Application Modernization & Connectivity (“AMC”) declined by 1.4% in the 12-months October 31, 2020. This tracked historical rates;
- Maintenance revenue in Application Delivery Management (“ADM”) declined by 9.5% in the 12-months ended October 31, 2020. As discussed in licence revenue above this was below expectation in the current financial period;
- Maintenance revenue in IT Operations Management (“ITOM”) declined by 13.4% in the 12-months ended October 31, 2020. As discussed in licence revenue above this was below expectation in the current financial period;
- Maintenance revenue in Security was flat in the 12-months ended October 31, 2020. This performance was driven by a change in mix at sub-portfolio level and an improvement in renewal rates in our core propositions.
- Maintenance revenue in Information Management & Governance (“IM&G”) increased by 0.3% in the 12-months ended October 31, 2020. The increase is primarily driven by growth in Vertica, the Group’s Big Data offering. In the period, the Group launched Vertica EON Mode. This revenue is recorded as revenue from a term licence with associated maintenance, the impact of which being a greater portion of the revenue is deferred over the life of the contract when compared to a traditional perpetual model. In the period, the Group has made encouraging progress with this transition to subscriptions, both bookings and new logos up substantially period-on-period.

The change in product mix combined with corrective actions in underperforming areas of the portfolio are intended to drive a gradual moderation in the rate of maintenance decline as part of the overall revenue stabilization plans.

SaaS and other recurring revenue decreased by \$34.2 million (12.2%) to \$245.5 million in the 12-months ended October 31, 2020 compared with \$279.7 million in the 12-months ended October 31, 2019.

In February 2020, the board outlined the intention to transition certain areas of the business to subscription or SaaS revenue models. The current financial period is the first year of this multi-period transition and the focus has been on extending the capabilities within the Security and Big Data product offerings.

In addition, the Group also took deliberate actions to further rationalize unprofitable operations and practices and refocused resources and investments to deliver the product enhancements required for long-term success. As a result, SaaS and other recurring revenue declined in line with our expectations during the current financial year.

Consulting revenue decreased by \$29.5 million (13.5%) to \$188.4 million in the 12-months ended October 31, 2020 compared with \$217.9 million in the 12-months ended October 31, 2019.

The work to re-position our Consulting revenue stream to focus on projects related to the sale of new licences and retention of the installed base is broadly complete and it is anticipated that this revenue stream will stabilise in future financial periods subject to the impact of COVID-19.

Revenue by product group performance

The Group has more than 300 products reported under five product groups. Investment decisions are made at a granular level by product depending on their growth trajectories and the profile of markets they participate in and are intended to deliver the greatest return on investment. The nature of the software order cycle means that when considering underlying revenue trends, year-on-year growth rates by product group are not always indicative of an underlying trend and will be impacted by the timing of customer projects.

The table below presents the revenue performance by product group and revenue stream. The main movements in licence and maintenance revenue by product group are discussed in the Licence and Maintenance commentary above.

12 months ended October 31, 2020:

	Licence \$m	Maintenance \$m	SaaS & other recurring \$m	Consulting \$m	Total \$m
Continuing operations					
Application Modernization & Connectivity (“AMC”)	138.6	321.6	-	10.1	470.3
Application Delivery Management (“ADM”)	102.0	439.2	73.9	15.9	631.0
IT Operations Management (“ITOM”)	175.1	559.4	4.6	113.9	853.0
Security	162.6	416.8	33.6	33.1	646.1
Information Management & Governance (“IM&G”)	68.2	184.2	133.4	15.4	401.2
Subtotal	646.5	1,921.2	245.5	188.4	3,001.6
Deferred revenue haircut	-	(0.4)	(0.2)	-	(0.6)
Total Revenue	646.5	1,920.8	245.3	188.4	3,001.0

12 months ended October 31, 2019:

	Licence \$m	Maintenance \$m	SaaS & other recurring \$m	Consulting \$m	Total \$m
Continuing operations					
Application Modernization & Connectivity (“AMC”)	170.9	326.1	-	11.7	508.7
Application Delivery Management (“ADM”)	130.3	485.4	87.8	18.2	721.7
IT Operations Management (“ITOM”)	237.5	645.8	11.0	127.5	1,021.8
Security	185.7	416.7	35.0	43.9	681.3
Information Management & Governance (“IM&G”)	75.6	183.6	145.9	16.6	421.7
Subtotal	800.0	2,057.6	279.7	217.9	3,355.2
Deferred revenue haircut	-	(6.0)	(0.8)	-	(6.8)
Total Revenue	800.0	2,051.6	278.9	217.9	3,348.4

Percentage change from October 31, 2019 to October 31, 2020:

	Licence %	Maintenance %	SaaS & other recurring %	Consulting %	Total %
Continuing operations					
Application Modernization & Connectivity (“AMC”)	(18.9)%	(1.4)%	-	(13.7)%	(7.5)%
Application Delivery Management (“ADM”)	(21.7)%	(9.5)%	(15.8)%	(12.6)%	(12.6)%
IT Operations Management (“ITOM”)	(26.3)%	(13.4)%	(58.2)%	(10.7)%	(16.5)%
Security	(12.4)%	0.2%	(4.0)%	(24.6)%	(5.2)%
Information Management & Governance (“IM&G”)	(9.8)%	0.3%	(8.6)%	(7.2)%	(4.9)%
Subtotal	(19.2)%	(6.6)%	(12.2)%	(13.5)%	(10.5)%
Deferred revenue haircut	-	93.3%	(75.0)%	-	(91.2)%
Total Revenue	(19.2)%	(6.4)%	(12.0)%	(13.5)%	(10.4)%

Revenue by geography

The Group is domiciled in the UK. The Group’s total segmental revenue from external customers by geographical location is detailed below:

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	Period- on- period change %	18 months ended October 31, 2018 \$m	Period- on – period change %
UK	173.0	206.9	(16.4)%	299.6	(30.9)%
USA	1,289.8	1,523.0	(15.3)%	2,279.8	(33.2)%
Germany	218.7	220.7	(0.9)%	309.5	(28.7)%
Canada	108.0	115.9	(6.8)%	178.4	(35.0)%
France	101.4	123.3	(17.8)%	195.5	(36.9)%
Japan	96.9	108.6	(10.8)%	145.8	(25.5)%
Other	1,013.2	1,050.0	(3.5)%	1,345.9	(22.0)%
Total Revenue	3,001.0	3,348.4	(10.4)%	4,754.4	(29.6)%

Operating costs

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	Period- on- period change %	18 months ended October 31, 2018 \$m	Period- on- period change %
Continuing operations					
Cost of sales	702.7	789.9	(11.0)%	1,302.7	(39.4)%
Selling and distribution costs	1,112.1	1,224.8	(9.2)%	1,764.2	(30.6)%
Research and development expenses	513.6	491.2	4.6%	680.8	(27.8)%
Administrative expenses	3,334.0	620.8	437.0%	629.9	(1.4)%
Total operating costs	5,662.4	3,126.7	81.1%	4,377.6	(28.6)%

Total operating costs

Total operating costs for the period increased by \$2,535.7 million, or 81.1% to \$5,662.4 million in the 12-months ended October 31, 2020 as compared to \$3,126.7 million in the 12-months ended October 31, 2019.

The single largest component of operating costs increase in the year ended October 31, 2020 related to a goodwill impairment charge of \$2,799.2 million. Excluding this charge operating expenses decrease by \$263.5 million period-on-period. This is included as exceptional costs within administrative expenses.

Goodwill impairment

Impairment of goodwill is tested annually, or more frequently where there is an indication of impairment. The Group has recognised an impairment charge of \$2,799.2 million in the period. This impairment charge reflects our trading performance and the macro-environment when compared to the original projections produced at the time of the HPE Software business acquisition, which was exacerbated by the impact of COVID-19. This charge is a non-cash item and does not impact the cash generated by the business in the period which has remained strong.

IFRS 16 “Leases”

The Group adopted IFRS 16 “Leases” on November 1, 2019 on a modified retrospective basis. As a result the 12-months ended October 31, 2019 and 18-months ended October 31, 2018 continue to be reported under the previous accounting standard IAS 17 “Leases”. Under IAS 17 the cost of leasing assets depended on whether a lease was classified as an operating lease or a finance lease. For operating leases the cost was recorded as a rental expense in operating costs and for finance leases the cost was recognised as depreciation and interest in operating costs. Under IFRS 16 all leases are treated in the manner of IAS 17 finance leases. As a result the depreciation and interest expense for leases is significantly higher in the 12-months ended October 31, 2020 than in the comparative periods, with a similar reduction in rental expenses.

Cost of sales

Cost of sales decreased by \$87.2 million, or 11.0% to \$702.7 million in the 12-months ended October 31, 2020 as compared to \$789.9 million in the 12-months ended October 31, 2019.

The costs in this category predominantly relate to our consulting and helpline support operations and amortization of acquired technology intangibles.

The amortization of intangible purchased technology costs decreased by \$9.9 million from \$200.1 million in the 12-months ended October 31, 2019 to \$190.2 million in the 12-months ended October 31, 2020 primarily due to the amortization of certain intangibles, acquired with The Attachmate Group acquisition in 2015, ending in the period.

Exceptional items decreased by \$8.6 million from \$12.6 million in the 12-months ended October 31, 2019 to \$4.0 million in the 12-months ended October 31, 2020. Exceptional items are discussed later in this section.

After excluding the above, the remaining reduction in costs of sales relates primarily to reduced consultancy costs in line with revenue fall (\$19.6 million), IT costs fall (\$14.5 million), employee related costs fall in line with revenue fall (\$9.6 million) and lower travel costs due to COVID-19 restrictions (\$7.6 million).

Selling and distribution costs

Selling and distribution costs decreased \$112.7 million, or 9.2% to \$1,112.1 million in the 12-months ended October 31, 2020 as compared to \$1,224.8 million in the 12-months ended October 31, 2019.

The amortization of intangible trade names and customer relationships decreased by \$41.7 million from \$455.6 million in the 12-months ended October 31, 2019 to \$413.9 million in the 12-months ended October 31, 2020, primarily due to the amortization of certain intangibles, acquired with The Attachmate Group acquisition in 2015, ending in the period.

Bad debt expense decreased by \$20.8 million from \$16.0 million in the 12 months ended October 31, 2019 to a credit of \$4.8 million in the 12-months ended October 31, 2020, primarily due to debt collection work in the period.

Exceptional items increased by \$4.5 million from \$8.4 million in the 12-months ended October 31, 2019 to \$12.9 million in the 12-months ended October 31, 2020. Exceptional items are discussed later in this section.

After excluding the above, the remaining reduction in selling and distribution costs relates primarily to lower travel costs due to COVID-19 restrictions (\$23.7 million), employee related costs reduction (\$6.8 million) and a reduction in the use of consultants mainly in licence verification activities (\$9.5 million).

Research and development expenses

Research and development expenses increased by \$22.4 million, or 4.6% to \$513.6 million in the 12-months ended October 31, 2020 as compared to \$491.2 million in the 12-months ended October 31, 2019.

Exceptional items increased by \$1.4 million from a credit of \$0.5 million in the 12-months ended October 31, 2019 to a charge of \$0.9 million in the 12-months ended October 31, 2020. Exceptional items are discussed later in this section.

The remaining increase in research and development expenses relates primarily to an increase in IT costs of \$13.7 million and to the impact of IFRS16 which increased the depreciation charge recognised in the year ended October 31, 2020 by \$3.1 million compared to the rental expensed recognised in the year ended October 31, 2019.

Administrative expenses

Administrative expenses increased by \$2,713.2 million, or 437.0% to \$3,334.0 million in the 12-months ended October 31, 2020 as compared to \$620.8 million in the 12-months ended October 31, 2019.

The primary driver of this increase is the goodwill impairment of \$2,799.2 million discussed above. After excluding this, administrative expenses decreased by \$86.0 million period-on-period.

Exceptional items, excluding the goodwill impairment, decreased by \$79.1 million from \$273.7 million in the 12-months ended October 31, 2019 to \$194.6 million in the 12-months ended October 31, 2020. Exceptional items are discussed later in this section.

The amortization of intangible purchased software increased by \$12.4 million from \$34.1 million in the 12-months ended October 31, 2019 to \$46.5 million in the 12-months ended October 31, 2020, primarily due to the accelerated amortization of certain legacy software that will be replaced by the single IT platform ("Stack C").

Share-based compensation costs decreased by \$51.8 million from \$68.8 million in the 12-months ended October 31, 2019 to \$17.0 million in the 12-months ended October 31, 2020 due to vesting of certain ASG share options in the previous period.

Foreign exchange movements relating to derivative financial instruments have decreased by \$28.7 million from a gain of \$6.9 million in the 12-months ended October 31, 2019 to loss of \$21.8 million in the 12-months ended October 31, 2020. Other foreign exchange movements have increased by \$10.3 million from a loss of \$18.2 million in the 12-months ended October 31, 2019 to loss of \$7.9 million in the 12-months ended October 31, 2020.

Operating (loss)/profit

In the 12-months ended October 31, 2020, the Group generated an operating loss of \$2,661.4 million, which represents a decrease of 1,300.5%, \$2,883.1 million on the \$221.7 million for the 12-months ended October 31, 2019. The single largest component of the operating loss decrease in the 12-months ended October 31, 2020 related to a goodwill impairment charge of \$2,799.2 million. This is included within exceptional costs, which is discussed further below. Explanations of the remaining major underlying movements in the reported operating profit decline have been included in the revenue and cost discussions above.

In addition, the amortization of intangible assets decreased from \$716.5 million in the 12-months ended October 31, 2019, to \$674.1 million in the 12-months ended October 31, 2020, related primarily to the amortization of certain intangibles, acquired with The Attachmate Group acquisition in 2015, ending in the period. The main components of this reduction are included in the discussion on cost by category above.

Exceptional items (included within operating profit)

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Exceptional items			
MF/ HPE Software business integration related:			
System and IT infrastructure costs	100.6	126.3	114.4
Integration costs	52.0	119.6	147.6
Severance	28.3	32.1	129.1
Property costs	3.6	16.3	29.9
MF/ HPE Software business integration-related costs	184.5	294.3	421.0
HPE Software business acquisition / pre-acquisition costs	-	(3.9)	70.1
Integration in respect of previous acquisitions	-	-	17.0
Other acquisition costs	0.2	5.4	-
Property costs relating to previous acquisitions	-	-	8.2
Divestiture gain on Atalla	-	(3.7)	-
Severance costs relating to previous acquisitions	-	-	0.6
Pre-disposal costs in relation to SUSE	-	-	21.3
Restructuring property costs	11.6	-	-
Restructuring severance	5.4	-	-
Other costs	10.7	2.1	-
	212.4	294.2	538.2
Goodwill impairment	2,799.2	-	-
Total exceptional costs (reported in Operating (loss)/profit)	3,011.6	294.2	538.2

In the 12-month period ended October 31, 2020, exceptional costs totaled \$3,011.6 million, of which \$2,799.2 million related to impairment of goodwill. Excluding this impairment charge, exceptional costs predominantly relate to the integration of the HPE Software business. The costs incurred in the year include:

- System and IT infrastructure costs of \$100.6 million principally reflect the IT migration of the Micro Focus business onto a single IT platform, ("Stack C");
- Integration costs of \$52.0 million across a wide range of projects undertaken to conform, simplify and increase efficiency across the two businesses;
- Severance costs of \$28.3 million in relation to on-going headcount reductions as we continue to remove duplication and streamline the continuing operations; and
- Property costs of \$3.6 million as the Group continues the process of simplifying the real estate footprint.

The remaining costs of the HPE business integration primarily relate to the Stack C program. In the year, we have made good progress in delivering this program despite the substantial impact COVID-19 has had on the delivery of this project. At the date of this report, a substantial number of the workforce have transitioned to the new stack with the remaining employees transferring later in FY21. The remaining cost of the program is estimated to be circa \$80 million and will be incurred in FY21.

In addition, the Group incurred costs of \$10.7 million associated with the Strategic & Operational Review, included in other costs. These costs reflect third party advisor fees in relation to the review of the business, potential strategic options available and implementation of these initiatives.

Net finance costs

Net finance costs were \$279.0 million in the 12-month period ended October 31, 2020, compared to \$255.8 million in the 12-month period ended October 31, 2019. Finance costs predominantly relate to interest on the term loans put in place as part of the transaction to acquire the HPE Software business. In addition, included within the net finance costs is \$58.0 million in relation to the amortisation of facility costs and original issue discounts, which were paid on initiation of the term loan.

The majority of the increase in net finance costs was caused by bank interest received reducing by \$13.9 million period-on-period. Interest income in the 12-month period ended October 31, 2019 was earned in respect of cash held following the \$2.53 billion disposal of SUSE, prior to returns to shareholders. The remainder of the increase reflects the change in interest rates as a result of the refinancing activities undertaken by the Group in the current financial period.

In May 2020, the Group successfully refinanced its \$1.4 billion term loan due for repayment in November 2021. The successful completion of this refinancing was particularly pleasing given the strong demand for the Group's debt, at a time of significant macro-economic uncertainty. The offering was substantially oversubscribed with approximately \$2.5 billion in the order book at closing. As part of the refinancing the Group also elected to repay \$143.0 million of the original term loan facility, which partially offset the increased interest expense.

As a result of the refinancing initiatives, there are no maturity dates on Group facilities prior to June 2024. Following the adoption of IFRS 16 on November 1, 2019, finance costs also include a modest amount of interest in relation to capitalized leases.

The Group holds interest rate swaps to hedge against the cash flow risk in the LIBOR rate charged on \$2,250.0 million of the debt issued by Seattle Spinco, Inc. (the investment company used to acquire the HPE Software business) from October 19, 2017 to September 30, 2022. Under the terms of the interest rate swaps, the Group pays a fixed rate of 1.95% and receives one-month US dollar LIBOR.

Taxation

The Group's reported a tax charge for the 12-months ended October 31, 2020 of \$34.2 million (12-months ended October 31, 2019: credit of \$16.0 million). The difference between the actual tax charge and the expected tax charge at the statutory rate is primarily due to the impairment of goodwill, which is, in the majority, non-taxable.

(Loss)/profit after tax from continuing operations

The loss after tax from continuing operations was \$2,974.6 million in the 12-months ended October 31, 2020, compared to a loss after tax from continuing operations of \$18.1 million in the 12-months ended October 31, 2019.

Profit from discontinued operation

The profit from discontinued operation of \$5.1 million related to conclusion of the working capital settlement and adjustments in respect of income tax balances owed in respect of pre-transaction periods on the disposal of the SUSE business. The profit from discontinued operation of \$1,487.2 million in the 12-months ended October 31, 2019, reflected the profits generated from the SUSE portfolio of \$28.7 million in the period to March 15, 2019 together with the profit on the sale of SUSE of \$1,458.5 million when sold on March 15, 2019.

Earnings per share

The table below sets out the Earnings per Share ("EPS"). The Group is also required to present EPS for both the continuing and discontinued operations.

	12 months ended October 31, 2020		12 months ended October 31, 2019		18 months ended October 31, 2018	
	Basic Cents	Diluted ¹ Cents	Basic Cents	Diluted ¹ Cents	Basic Cents	Diluted Cents
Continuing operations	(886.15)	(886.15)	(4.87)	(4.87)	181.91	176.92
Discontinued operation	1.52	1.52	393.37	389.16	19.79	19.25
Total EPS	(884.63)	(884.63)	388.50	384.35	201.70	196.17

¹ As there is a loss from continuing operations attributable to the ordinary equity shareholders of the Company for the 12-months ended October 31, 2020 (\$2,974.6 million) and 2019 (\$18.4 million), the Diluted EPS is reported as equal to Basic EPS, as no account can be taken of the effect of dilutive securities under IAS 33.

In the 12-months ended October 31, 2020, the Group generated a Basic EPS from continuing operations of (886.15) cents. This compares to (4.87) cents in the 12 months ended October 31, 2019. The decrease was primarily driven by the lower overall continuing earnings as previously explained.

Consolidated statement of financial position as at October 31, 2020 and October 31, 2019
Summarized Consolidated statement of financial position

The Group's Consolidated statements of financial position are presented in the Consolidated financial statements in item 18. Summarized versions are presented below.

	October 31, 2020 \$m	October 31, 2019 \$m
Non-current assets	9,605.0	12,846.7
Current assets	1,541.8	1,448.1
Total assets	11,146.8	14,294.8
Current liabilities	1,788.3	1,802.0
Non-current liabilities	6,143.4	6,216.5
Total liabilities	7,931.7	8,018.5
Net assets	3,215.1	6,276.3
Capital and reserves		
Total equity attributable to owners of the parent	3,215.1	6,275.0
Non-controlling interests	-	1.3
Total equity	3,215.1	6,276.3

The discussions for the Consolidated statement of financial position as at October 31, 2019 as compared to the October 31, 2018 can be found in Items 5.A of the Group's Annual Report on Form 20-F for the 12-months ended October 31, 2019 which is available at <https://www.microfocus.com/en-us/investors/investor-download-centre> and has been filed with the SEC.

The net assets of the Group have decreased by \$3,061.2 million from \$6,276.3 million to \$3,215.1 million between October 31, 2019 and October 31, 2020. In the period, the key movements were as follows:

- Non-current assets decreased by \$3,241.7 million to \$9,605.0 million primarily due the impairment of the Group's goodwill of \$2,799.2 million recognised in the period, as well as \$674.1 million resulting from the annual amortisation charge on intangible assets. These reductions are partially offset by the recognition of \$207.2 million of right-of-use assets as a result of the adoption of IFRS 16 'Leases' during the period. (see note 10 "Goodwill" of the Consolidated financial statements" in Item 18)
- Current assets increased by \$93.7 million to \$1,541.8 million driven by an increase in cash and cash equivalents of \$381.5 million, which was offset by a reduction in trade and other receivables of \$301.5 million. Trade and other receivables decreased due to a reduction of aged receivables of \$225.0 million. The reduction in aged receivables has been a continuing key focus of the finance team in the financial year. The increase in cash and cash equivalents is the result of the cash collected from trade and other receivables and actions taken during the period to retain cash so as to maximize the Group's resilience to any financial risks resulting from the on-going COVID-19 pandemic including the cancellation of the 12-month period ended October 31, 2019 final dividend and the decision to not pay an interim dividend for the current period.
- Current liabilities decreased by \$13.7 million to \$1,788.3 million, primarily due to a \$107.5 million reduction in trade and other payables, offset by an increase in lease obligations of \$70.4 million as a result of the adoption of IFRS 16 and an increase of \$21.4 million in short-term borrowings; and
- Non-current liabilities decreased by \$73.1million to \$6,143.4 million, primarily due to a \$146.0 million reduction in current and deferred tax liabilities, a decrease in borrowings of \$51.8 million, and a decrease of \$32.7 million of contract liabilities, offset by an increase in lease obligations of \$156.5 million as a result of the adoption of IFRS 16 and a \$41.4 million increase in the derivative liability.

- Total equity attributable to the owners of the parent decreased by \$3,059.9 million from \$6,275.0 million to \$3,215.1 million, driven primarily by the \$2,969.5 million of loss for the period, including the \$2,799.2 million impairment of goodwill.

Foreign currency fluctuations

The Group's reporting currency is the US dollar however, the Group's significant international operations give rise to fluctuations in foreign exchange rates. To neutralize foreign exchange impact and to better illustrate the underlying change in results from one period to the next, the Group has adopted the practice of analyzing results on an as reported basis and in constant currency.

The Group uses US dollar based constant currency models to measure performance. These are calculated by restating the results of the Group for the comparable period at the same average exchange rates as those used in reported results for the current period. This gives a US dollar denominated income statement, which excludes any variances attributable to foreign exchange rate movements.

The table below has been presented on a constant currency basis and is for continuing operations only to show the impact of currency fluctuations on the revenue of the Group:

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	Period-on- period change constant currency %	Period-on- period change actual currency %
Constant currency revenue:				
Licence	646.5	799.2	(19.1)%	(19.2)%
Maintenance	1,921.2	2,050.0	(6.3)%	(6.6)%
SaaS & other recurring	245.5	278.4	(11.8)%	(12.2)%
Consulting	188.4	215.3	(12.5)%	(13.5)%
Constant currency revenue before haircut	3,001.6	3,342.9	(10.2)%	(10.5)%
Deferred revenue haircut	(0.6)	(6.8)	(91.2)%	(91.2)%
Constant currency revenue	3,001.0	3,336.1	(10.0)%	(10.4)%
Currency impact	-	12.3	n/a	n/a
Total Revenue	3,001.0	3,348.4	(10.4)%	(10.4)%

As shown in the table the impact of currency fluctuations in the 12-months ended October 31, 2020 was limited.

The most important foreign currencies, other than the US dollar for the Group are: Pounds Sterling, the Euro, Canadian Dollar, Israeli Shekel and Japanese Yen and in the 12-month period ended October 31, 2020 also the Indian Rupee and Chinese Yuan. The exchange rates used and movements in these rates period-on-period are as follows:

	12 months ended October 31, 2020 Average	12 months ended October 31, 2019 Average	Period- on- period change %	31 October 2020 Closing	31 October 2019 Closing	Period- on- period change %
£1 = \$	1.28	1.27	0.8%	1.30	1.29	0.8%
€1 = \$	1.13	1.12	0.9%	1.17	1.12	4.5%
C\$ = \$	0.74	0.75	(1.3)%	0.75	0.76	(1.3)%
ILS = \$	0.29	0.28	3.6%	0.29	0.28	3.6%
INR = \$	0.01	n/a	-	0.01	n/a	-
CNY = \$	0.14	n/a	-	0.15	n/a	-
100 JYP = \$	0.93	1.10	(15.5)%	0.96	1.08	(11.1)%

Sensitivity analysis relating to foreign exchange can be found in note 24 "Financial Instruments" of the Consolidated financial statements in Item 18.

The Group is subject to exposure on the translation of the net assets of foreign currency subsidiaries into its reporting currency, US Dollar. The Group's primary balance sheet translation exposures are noted in the Exposure analysis below. These exposures are kept under regular review with the Group treasury function providing reporting to the Treasury Risk committee and the Audit committee.

Group borrowings are denominated in US dollars and Euros. The Group seeks to match the currency profile of borrowings to the cash flows arising from the Groups operations used to service those borrowings. The May 2020 debt refinancing included an additional proportion of Euro debt and a reduction in US dollar debt which is intended to better match the currency profile of the groups debt with the cash flows used to service that debt (note 18 "Borrowings" of the Consolidated financial statements in Item 18).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group faces currency exposures arising from the translation of profits earned in foreign currency subsidiaries into the Group's reporting currency of US dollars. As at October 31, 2020 two net investment hedges totaling €1.05 billion have been designated using non-derivative Euro debt instruments to minimize the volatility in shareholder's equity arising from foreign currency translation (there were no net investment hedges as at October 31, 2019). As a result of the Group's net investment hedging foreign exchange losses of \$58.7 million have been recognised in equity in the 12-months ended October 31, 2020 (12-months ended October 31, 2019: nil). Further details on the Group's net investment hedging is included in note 24 "Financial Instruments" of the Consolidated financial statements in Item 18.

Item 5. B. Liquidity and capital resources**Item 5. B. 1. Information regarding the Group's liquidity**

Our principal ongoing uses of cash are to meet working capital requirements, to fund debt obligations, to finance our capital expenditures and acquisitions and to pay dividends to shareholders. The board continues to target a leverage¹ of 2.7x Adjusted EBITDA². The current leverage¹ remains above this level, due to on-going investments we are making in the business. The Group intends to reduce leverage¹ back to this level in the medium term and will balance debt repayments and equity returns in the short term to deliver on this.

The Group's operations are diversified across a number of currencies. Changes in foreign exchange rates are monitored and exposures regularly reviewed and actions taken to review exposures where necessary. The Group has significant committed facilities in place, the earliest of which matures in June 2024 and sufficient headroom to meet its operational requirements. The Group seeks to maintain strong relationships with its key banking partners and lenders and to proactively monitor the loan markets. The Group also has strong engagement with the providers of equity capital, which represents an alternative source of capital.

In March 2020, given the increased macro-economic uncertainty as a result of the COVID-19 pandemic, as a precautionary measure, the directors withdrew their recommendation for the payment of a final dividend of 58.33 cents per share in respect of the 12-month period ended October 31, 2019. Similarly, no dividend was paid in respect of the six months to April 30, 2020. The decision to not pay these dividends has resulted in an increase in available liquidity compared to the payments that would otherwise have been made under the Group's existing dividend policy.

As at October 31, 2020, cash and cash equivalents were \$737.2 million. The company also has a \$350.0 million Revolving Credit Facility (which is undrawn as at October 31, 2020). In addition, as a public listed company Micro Focus has access to equity capital markets for fund raising if required. There are no current plans to issue additional equity.

The directors believe that the Company's current available working capital is adequate to sustain its operations at current levels through at least the next 12 months.

The discussions for the Group's liquidity and capital resources for the 12-months ended October 31, 2019 compared to the 18-months ended October 31, 2018 can be found in Items 5.B of the Group's Annual Report on Form 20-F for the 12-months ended October 31, 2019 which is available at <https://www.microfocus.com/en-us/investors/investor-download-centre> and has been filed with the SEC.

¹Leverage is defined as the ratio of Net debt to Adjusted EBITDA. Net debt is defined in Item 3.D.

²Adjusted EBITDA is defined in Item 3.D.

12 months-ended October 31, 2020 compared to the 12-months ended October 31, 2019**Cash flows from operating activities**

Net cash generated from operating activities increased by \$16.4 million, or 2.5%, to \$678.2 million in the 12-months ended October 31, 2020 as compared to \$661.8 million in the 12-months ended October 31, 2019.

This increase period-on-period is primarily due to an increase of \$26.5 million in cash generated from operations, a reduction of \$20.0 million of interest payments and a reduction of \$17.8 million of tax payments, offset by an increase in bank loan costs of \$47.9 million.

The increase period-on-period of \$26.5 million in cash generated from operations arises primarily from a \$121.6 million decrease in operating profit, after excluding the \$2,799.2 million goodwill impairment charge, offset by a period-on-period movement in working capital inflow of \$153.8 million.

The period-on-period movement in cash flows from working capital of \$153.8 million result from the working capital inflow in the 12-months ended October 31, 2020 being \$32.6 million, compared with a \$121.2 million outflow in the 12-months ended October 31, 2019. This was primarily caused by a period-on-period increase in working capital of \$79.0 million in trade and other receivables, \$45.0 million from a reduction in the outflows from trade and other payables and \$21.1 million from the utilization of provisions. The trade receivables inflow was as a result of reduced trading and improvements in the collection of trade receivables. During the period overdue and current trade receivables reduced by \$93.2 million and \$131.8 million respectively.

Cash flows from investing activities

Net cash from investing activities decreased by \$2,171.3 million to an outflow of \$89.2 million in the 12-months ended October 31, 2020 as compared to net cash inflow from investing activities of \$2,082.1 million in the 12-months ended October 31, 2019.

Excluding the net cash received from the disposal of the SUSE business of \$2,473.5 million, tax paid on the divestiture gain of \$264.6 million and a decrease in net cash divested of \$18.7 million in the 12-months ended October 31, 2019 the net cash outflow from investing activities decreased by \$56.3 million. This was due to a decrease of \$81.8 million of payments for acquisitions which offset a decrease of \$24.2 million in interest received.

Cash flows used in financing activities

Net cash used in financing activities decreased by \$2,809.1 million to \$198.2 million in the 12-months ended October 31, 2020 as compared to \$3,007.3 million in the 12-months ended October 31, 2019.

This decrease in net cash used in financing activities of \$2,809.1 million is primarily due to:

- Returns of Value to shareholders of \$1,800.0 million, associated expenses of \$1.0 million, share buy-backs and related expenses of \$544.7 million and dividend payments of \$439.2 million in the 12-months ended October 31, 2019 were not repeated in the 12-months ended October 31, 2020. There were no dividend payments in the 12-months ended October 31, 2020;
- a net decrease in bank borrowing repayments of \$113.7 million, being a net repayment of \$98.9 million in the 12-months ended October 31, 2020 and net repayments of \$212.6 million in the 12-months ended October 31, 2019;
- payments for leases increased by \$67.2 million from \$12.9 million in the 12-months ended October 31, 2019 to \$80.1 million in the 12-months ended October 31, 2020 as a consequence of the adoption of IFRS 16.
- in the 12-months ended October 31, 2020 there was a payment of \$21.8 million relating to the settlement of a foreign exchange rate derivative taken out to satisfy the final October 31, 2019 dividend proposed that was subsequently cancelled.

Contractual Commitments

Bank Borrowings

	October 31, 2020 \$m	October 31, 2019 \$m	October 31, 2018 \$m
Bank loan secured	4,733.2	4,775.0	4,996.9
Unamortized prepaid facility arrangement fees and original issue discounts	(92.9)	(104.3)	(151.0)
	4,640.3	4,670.7	4,845.9

The carrying value for borrowings are stated after deducting unamortized prepaid facility fees and original issue discounts. Facility arrangement costs and original issue discounts are amortized between three and six years. The remaining unamortized fees of \$92.9 million have a remaining period of amortisation of three years. Long-term borrowings have a drawn value of \$4,733.2 million before unamortized prepaid facility fees (2019: \$4,775.0 million).

Short-term borrowing of \$34.2 million represents capital repayments falling due on the Group borrowings within one year less unamortized prepaid facility arrangement fees and original issue discounts of \$12.8 million.

On May 29, 2020, the Group announced that it had successfully priced and allocated a €600.0 million and a \$650 million senior secured term loan. The new five-year facilities, along with \$143.0 million of existing cash reserves, were used by the Group to fully refinance its existing senior secured term loan B due November 2021 and pay associated fees and expenses.

On September 3, 2020, the Group announced that it had successfully extended its revolving credit facility and reduced the size from \$500.0 million to \$350.0 million. The Group also confirmed that it had repaid the \$175.0 million previously drawn during the year as a precautionary measure in response to the COVID-19 outbreak, resulting in a balance outstanding of \$nil. These actions resulted in a reduction in the Group's gross debt and the borrowing costs associated with the revolving credit facility. The remaining prepaid facility fees of \$4.5 million to be amortized were expensed in the period and new fees of \$1.8 million were capitalized for the new arrangement.

Following these refinancing activities, the Group's earliest debt maturity is in June 2024.

The following facilities were drawn as at October 31, 2020:

- The €600 million (equivalent to \$700.3 million) senior secured five-year term loan B-1 issued by MA FinanceCo., LLC., maturing in June 2025, is priced at EURIBOR plus 4.5% (subject to a EURIBOR floor of 0.00%) with an original issue discount of 3.0%;
- The \$368.2 million senior secured seven-year term loan B-3 issued by MA FinanceCo., LLC., maturing in June 2024, is priced at LIBOR plus 2.75% (subject to a LIBOR floor of 0.00%) with an original issue discount of 0.25%;
- The \$650.0 million senior secured five-year term loan B-4 issued by MA FinanceCo., LLC., maturing in June 2025, is priced at LIBOR plus 4.25% (subject to a LIBOR floor of 1.00%) with an original issue discount of 2.5%;
- The \$2,486.3 million senior secured seven-year term loan B issued by Seattle SpinCo, Inc., maturing in June 2024, is priced at LIBOR plus 2.75% (subject to a LIBOR floor of 0.00%) with an original issue discount of 0.25%; and
- The €452.8 million (equivalent to \$528.4 million) senior secured seven-year term loan B issued by MA FinanceCo., LLC., maturing in June 2024, is priced at EURIBOR plus 3.00% (subject to a EURIBOR floor of 0.00%) with an original issue discount of 0.25%.

The following facilities were undrawn at October 31, 2020:

- A senior secured revolving credit facility of \$350.0 million (\$nil drawn), (“Revolving Facility”), with an interest rate of 3.50% above LIBOR on amounts drawn (and 0.5% on amounts undrawn) thereunder (subject to a LIBOR floor of 0.00%).

At October 31, 2020, \$nil of the Revolving Facility was drawn (31 October 2019: \$nil), together with \$4,733.2 million of term loans giving gross debt of \$4,733.2 million drawn.

There are no financial covenants on the Group’s term-loan borrowing facilities. The Revolving Facility is subject to a single financial covenant, being an aggregate net leverage¹ covenant only in circumstances where more than 35% of the Revolving Facility is outstanding at a fiscal quarter end. Throughout the year the applicable covenant threshold was 4.35x, however no test was applicable at October 31, 2020 or any previous test date, as the facility was not drawn in excess of the 35% threshold. This covenant is not expected to inhibit the Group’s future operations or funding plans.

The Group’s borrowing arrangements include annual repayments of 1% of the initial par value for the B-3, Seattle Spinco and Euro term B loans and 2.5% of the initial par value for the B-1 and B4 loans with the amount paid in four equal quarterly instalments and then a final balloon payment on maturity. In addition, the borrowing arrangements require additional debt repayments where the Group’s net leverage¹ exceeds 3.00x, when 25% of excess cash flow for the prior year is required to be paid, and 3.30x, when 50% of excess cash flow for the prior year is required to be paid.

¹See Item 5.B.1 for definition of leverage.

The movements on the Group loans in the year were as follows:

	term loan B-1 EUR \$m	term loan B-2 USD \$m	term loan B-3 USD \$m	term loan B-4 USD \$m	Seattle Spinco term loan B \$m	Euro term loan B \$m	Revolving Facility \$m	Total \$m
At November 1, 2018	-	1,503.8	382.1	-	2,580.5	530.5	-	4,996.9
Repayments	-	(89.1)	(13.9)	-	(94.2)	(15.4)	-	(212.6)
Foreign exchange	-	-	-	-	-	(9.3)	-	(9.3)
At October 31, 2019	-	1,414.7	368.2	-	2,486.3	505.8	-	4,775.0
At November 1, 2019	-	1,414.7	368.2	-	2,486.3	505.8	-	4,775.0
Draw downs	665.8	-	-	650.0	-	-	175.0	1,490.8
Repayments	-	(1,414.7)	-	-	-	-	(175.0)	(1,589.7)
Foreign exchange	34.5	-	-	-	-	22.6	-	57.1
At October 31, 2020	700.3	-	368.2	650.0	2,486.3	528.4	-	4,733.2

Maturity of borrowings

The maturity profile of the anticipated future cash flows including interest in relation to the Group's borrowings on an undiscounted basis, which therefore, differs from both the carrying value and fair value, is as follows:

As at October 31, 2020:

	term loan B-1 EUR \$m	term loan B-3 USD \$m	term loan B-4 USD \$m	Seattle Spinco term loan B \$m	Euro term loan B \$m	Revolving Facility \$m	Total \$m
Within one year	49.0	11.0	50.3	74.6	16.9	1.8	203.6
In one to two years	52.6	12.4	53.5	82.7	21.5	1.5	224.2
In two to three years	47.4	14.6	48.6	98.4	21.3	-	230.3
In three to four years	46.6	369.7	47.8	2,496.5	527.1	-	3,487.7
In four to five years	642.8	-	599.2	-	-	-	1,242.0
At October 31, 2020	838.4	407.7	799.4	2,752.2	586.8	3.3	5,387.8

	Less than 1 year \$m	1-3 years \$m	3-5 years \$m	Total \$m
Debt principal repayment	34.2	128.2	4,570.8	4,733.2
Interest payment on debt	169.4	326.3	158.9	654.6
At October 31, 2020	203.6	454.5	4,729.7	5,387.8

As at October 31, 2019:

	term loan B-2 \$m	term loan B-3 \$m	Seattle Spinco term loan B \$m	Euro term loan B \$m	Revolving Facility \$m	Total \$m
Within one year	61.6	17.0	114.6	14.1	1.9	209.2
In one to two years	61.5	16.9	114.3	14.6	1.9	209.2
In two to three years	1,419.8	18.5	124.1	19.3	1.6	1,583.3
In three to four years	-	20.6	139.4	19.1	-	179.1
In four to five years	-	373.5	2,522.6	503.6	-	3,399.7
At October 31, 2019	1,542.9	446.5	3,015.0	570.7	5.4	5,580.5

	Less than 1 year \$m	1-3 years \$m	3-5 years \$m	After 5 years \$m	Total \$m
Debt principal repayment	-	1,431.7	3,343.3	-	4,775.0
Interest payment on debt	209.2	360.8	235.5	-	805.5
At October 31, 2019	209.2	1,792.5	3,578.8	-	5,580.5

Leases

The Group has additional contractual commitments for capital expenditure in the form of leases which are disclosed in Item 5.F of this Annual Report on Form 20-F, no additional financing is anticipated to be required to meet these commitments.

Item 5. B. 2. Derivative financial instruments.

Information on the type of financial instruments used and the Group's treasury policies and objectives in terms of the manner in which treasury activities are controlled are included in note 24 "Financial Instruments" of the Consolidated financial statements included in item 18.

Information on the currency and interest rate structure and maturity profile of debt are included in Item 5.B.1 above.

The Group's cash and cash equivalents was held in the following currencies as at October 31, 2020:

	\$m
US dollar	529.5
Euro	49.6
British Pound	36.4
Indian Rupee	26.4
Japanese Yen	14.3
Russian Rouble	13.1
Canadian Dollar	10.3
Australian Dollar	9.0
South African Rand	6.9
Other	41.7
	737.2

Item 5. B. 3. Material capital expenditure commitments.

The Group has no material capital expenditure commitments at October 31, 2020.

Item 5. C. Research and development, patents and licenses, etc.

The Micro Focus Group invests heavily in research and development. Through its market knowledge and close contact with customers, Micro Focus has sought to refine products to respond to the changing needs of the Micro Focus Group's customers.

Research expenditure is recognized as an expense as incurred in the Consolidated statement of comprehensive income in research and development expenses. Costs incurred on product development projects relating to the developing of new computer software programs and significant enhancement of existing computer software programs are recognized as intangible assets when it is probable that the project will generate future economic benefits, considering its commercial and technological feasibility, and costs can be measured reliably. Only direct costs are capitalized which are the software development employee costs and third-party contractor costs. Product development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The assessment as to whether product development expenditure will achieve a complete product for which the technical feasibility is assured is a matter of judgment, as is the forecasting of how the product will generate future economic benefit. Finally, the period of time over which the economic benefit associated with the expenditure occurred will arise is also a matter of judgment. These judgments are made by evaluating the development plan prepared by the research and development department and approved by management, regularly monitoring progress by using an established set of criteria for assessing technical feasibility and benchmarking to other products.

Item 5. D. Trend information.

Factors and Trends that affect our Results of Operations

A discussion on the technology trends which are impacting the Group’s operations is included in Item 4.B.2 under the heading technology trends.

The main changes in the Group’s products and services expected in the coming year are described in Item 4.B.1 under the heading “Transition to SaaS and Subscription” and in Item 4.B.5 under the heading “Capturing Growth: Security and Big Data”.

The main trends in the Group revenues and costs in the 12-months ended October 31, 2020 and actions taken in relation to these trends are discussed in the revenue commentary in Item 5.A.

Update on our three-year plan

The Group’s strategy is to deliver shareholder returns through sustainable free cash flow generation. As part of our Strategic & Operational Review performed in the 12-month period ended October 31, 2019 we announced our strategic initiatives which, combined with existing programs, are designed to deliver on our strategic vision for the 12-months ended October 31, 2023 and create a business which is more efficient, agile and better aligned to our customers’ value proposition. Our strategic vision was set in the months preceding the COVID-19 pandemic and as a result the execution of these initiatives is now being balanced with the new risks and opportunities which have arisen due to COVID-19 such that we adapt our approach as required to deliver against our goals.

The three-year ambition we set was to deliver stable revenues, Adjusted EBITDA^{1,2} margins towards the mid-40s percent, and be able to generate at least \$700m of free cash flow³ annually.

These targets were set prior to COVID-19 and given the on-going situation and associated uncertainty we remain unable to predict the magnitude and duration of the impact COVID-19 will have. The resulting macro-economic impacts are likely to delay the achievement of these specific objectives, but the principles of revenue stabilization and margin expansion, in order to deliver strong and sustainable levels of free cash flow, remain the aim for FY23 and beyond.

In pursuit of this plan, our main initiatives are focused on two key objectives. Firstly, evolving our business model to ensure we continually assess and address customer needs and adapt to changes in the market to deliver value and capture growth opportunities, these are discussed in Items 4.B.1 and 4.B.5 as referenced above. Secondly, delivering operational excellence through business process and infrastructure simplification with a relentless focus on improving levels and consistency of execution.

Overall, there was solid progress made in the period.

The Group’s strategic initiatives to deliver this are:

Evolving our business model

We deliver mission critical technology that helps power the digital economy. This means we serve a central role in thousands of core strategic and operational functions within our customers’ business operations.

In doing this we take a differentiated approach focused on supporting our customers’ need to both run and transform their businesses simultaneously in support of their digital transformation programs. This means delivering innovation that enables customers to leverage existing investments to exploit new use cases or address new threats.

Our pragmatic approach supports customers in balancing agility, cost and risk by bridging their existing investments with the newest technology and helping ensure resources are deployed against the areas of highest return.

The key initiatives in evolving our business model are:

- **Delivering innovation:** We need to invest more in our growth. Evolve the operating model to improve the visibility of our product strategies and drive more differentiation with increased investment in Security and Big Data, (see Item 4.B.5.)
- **SaaS and Subscription:** We need to accelerate the transition to SaaS and Subscription to better align to the market opportunity where these models are becoming the de facto standard, (see Item 4.B.1.)

Operational excellence:

- **Go-To-Market:** Transform our Go-To-Market function in order to improve our sales effectiveness, (see Item 4.B.5.)
- **Complete core systems:** Complete the core systems and operational simplification work to deliver a robust and efficient operating platform. (see Improving infrastructure: completion of simplification programs below).

Improving infrastructure: completion of simplification programs

We continue to execute multiple programs to deliver improved operational effectiveness and agility. These programs are advanced and the key project to complete remains the migration to one set of core IT systems.

Digital transformation programs on this scale are inherently complex, in this instance made even more by COVID-19 presenting the unique challenge of having to execute the program with fully remote internal and system integration partner teams.

On January 13, 2021, we began to transition employees to our new IT infrastructure which is an important milestone for the Group, but the work ahead remains significant, impacting every employee and our core business processes. This migration will happen in two phases, one now and the second in the summer, followed by the period of familiarization and stabilization typical in any global IT project.

The priority for FY21 is to complete this transition as effectively as possible with minimum disruption to day to day operations. When complete and embedded this will provide the foundation for capturing operational improvements and efficiencies evident and achievable in the business. The completion will also be an important step culturally, facilitating closer alignment of our operations, regardless of heritage company, enabling our people to work more effectively and productively as one team focused on improving our business and delivering a much smoother and richer experience for our customers.

The impact of COVID-19 has also presented opportunities for us to re-evaluate how and where we work. Not only the dynamic of home working versus office working, but also how and where key business processes are executed. This, combined with our systems work outlined above, presents additional opportunities to further improve efficiencies into the future. We will carefully consider each opportunity, in particular whether the future efficiencies and benefits outweigh the additional one-off costs in the short-term and will proceed where we see the opportunity to generate longer-term value.

The principal risks in relation to these strategic initiatives are discussed in Item 3.D.

¹ See definition of Adjusted EBITDA in Item 3.D

² Adjusted EBITDA margin is Adjusted EBITDA as a percentage of actual revenue recorded in accordance with IFRS for the period.

³ Free Cash Flow is defined as cash generated from operations less interest payments, bank loan costs, tax payments, purchase of intangible assets, purchase of property, plant and equipment and interest and capital payments in relation to leases. This is presented as management believe it is important to the understanding of the Group's Cash flow.

Item 5. E. Off-balance sheet arrangements.

The Group has no off-balance sheet arrangements.

Item 5. F. Tabular disclosure of contractual obligations.

The following table summarizes the Group’s contractual obligations and other commercial commitments at October 31, 2020, as well as the effect these obligations and commitments, specifically long-term debt and lease obligations, are expected to have on the Group’s liquidity and cash flow in future periods:

	Payment due by period				Total
	Less than 1 year \$m	1-3 years \$m	3-5 years \$m	After 5 years \$m	
Debt principal repayment	34.2	128.2	4,570.8	-	4,733.2
Interest payments on debt	169.4	326.3	158.9	-	654.6
	203.6	454.5	4,729.7	-	5,387.8
Lease obligations	82.2	112.8	49.3	36.3	280.6
Purchase obligations	39.0	52.9	39.6	12.5	144.0
	324.8	620.2	4,818.6	48.8	5,812.4

The interest payments within the above table are presented based on the prevailing one-month LIBOR and foreign exchange rates as of October 31, 2020.

Purchase obligations primarily include commitments for software licences. Purchase orders for the purchase of other goods and services are not included in the table, as the Group’s operating subsidiaries are not able to determine the aggregate amount of such purchase orders that represent contractual obligations, as purchase orders typically represent authorizations to purchase rather than binding agreements.

The table above does not include any amounts that the Group may pay to fund its retirement benefit plans as the timing and amount of any such future funding are unknown and dependent on, among other things, the future performance of defined benefit pension plan assets, interest rate assumptions and other factors. The net retirement benefit scheme liabilities totaled \$155.0 million as of October 31, 2020, which is net of pension assets of \$148.3 million. The Group expects to be required to contribute approximately \$3.0 million to its defined benefits plans during 2021. See note 22 “Pensions” of the Consolidated financial statements in Item 18.

Item 5. G. Safe harbor.

Refer to the information set forth under the heading “Forward Looking Statements”.

Item 6. Directors, Senior Management and Employees

Item 6. A. Directors and senior management.

During the 12-month period ended October 31, 2020 our directors and senior management comprised the board of directors, and the following members of key management bodies who are not on the board of directors. Details of the membership of the board and the related board committees they were involved in are disclosed below.

Directors

Directors as at October 31, 2020 and committee membership:

Name	Role	Committee Membership
Greg Lock	Non-Executive Chairman	Nomination committee and Remuneration committee
Stephen Murdoch	Chief Executive Officer	Executive committee
Brian McArthur-Muscroft*	Chief Financial Officer	Executive committee
Karen Slatford	Senior Independent Director	Audit committee and Nomination committee
Richard Atkins	Independent non-executive director	Audit committee, Nomination committee and Remuneration committee
Amanda Brown	Independent non-executive director	Audit committee, Nomination committee and Remuneration committee
Lawton Fitt	Independent non-executive director	Audit committee, Nomination committee and Remuneration committee
Sander van 't Noordende	Independent non-executive director	Nomination committee and Remuneration committee
Robert Youngjohns	Independent non-executive director	Audit committee, Nomination committee and Remuneration committee

*As announced on January 8, 2021, Brian has notified the board of his intention to leave the Company.

Greg Lock - Chairman

Chairman since February 2020.

Before embarking on his adventures as a PLC Chairman Greg enjoyed 30 years at the IBM Corporation. There he served, inter alia, as assistant to the Chairman, a member of the IBM Worldwide Management Council, Governor of the IBM Academy of Technology and Global General Manager for Industrial Sector. In that role he had P&L responsibility for a \$12 billion unit representing about 15% of the Corporation's revenues.

In his second career he has been Chairman of FTSE listed Companies Orchestream, SurfControl, Kofax, UBM, Computacenter, and Deputy Chairman of Informa.

Greg holds an MA in Natural Sciences from Churchill College, Cambridge, where he is a Fellow and member of the Development Board. Greg, together with his wife, Rosie, have established a charitable foundation aimed, inter alia, at supporting education for the less privileged. Through the foundation they have endowed Lock Bursaries at Churchill aimed at supporting less financially advantaged state school pupils to pursue STEM subjects.

Stephen Murdoch – Chief Executive Officer

Stephen is our Chief Executive Officer and a member of the Micro Focus board, positions he has held since March 19, 2018. Stephen joined Micro Focus in 2012, first serving as General Manager of the Product Group and Chief Marketing Officer, responsible for all software product and services offerings development, customer services, corporate marketing and strategy. In 2014, he was appointed as Chief Operating Officer and Executive Director, having responsibility for sales and marketing, product strategy, development and management, services and business operations.

Prior to Micro Focus, Stephen spent seven years at Dell, first building Dell's Global Infrastructure Consulting Services organization, and then leading its business in Europe, Middle East and Africa. Before Dell, Stephen had 17 years' experience at IBM, latterly serving as Vice President, Communications Sector with responsibility for the entire telco, media, and utilities industry portfolio. During his IBM career, Stephen held a number of Global, EMEA and UK senior management roles with experience spanning software and services, storage, and enterprise systems.

Brian McArthur-Muscroft – Chief Financial Officer*

Brian is our Chief Financial Officer and a member of the Micro Focus board, positions he has held since February 21, 2019.

Prior to joining Micro Focus Brian held a variety of senior management positions, including the role of Chief Financial Officer at TeleCity Group plc and most recently as Chief Financial Officer of Paysafe Group plc.

Also a restructuring specialist, Brian was the Interim CFO on the successful turnaround of MCI Worldcom EMEA.

He is a non-executive director and the senior independent director at Robert Walters plc, where he has been chair of the audit committee since 2013. In addition, Brian serves as the Responsible Officer for Hockerill Anglo-European College, a leading international secondary school in Hertfordshire.

Brian was named as Business Week's Finance Director of the Year in both 2013 and 2017, and the CBI's FTSE 250 Finance Director of the Year in 2012. Brian holds a Law degree and qualified as a chartered accountant with PricewaterhouseCoopers in London.

* As announced on January 8, 2021, Brian has notified the board of his intention to leave the Company.

Karen Slatford - Senior Independent Director

Karen is a non-executive director of Softcat plc, Chair of AIM-listed Draper Esprit plc and a non- executive director at Accesso Technology Group plc. Prior to her current responsibilities, she held various roles at the board level since 2001 at a range of technology companies. Karen began her career at ICL before spending 20 years in Hewlett-Packard, where she headed up worldwide sales and marketing. Karen holds a BA Joint Honours degree in European Studies, French and Spanish from Bath University.

Richard Atkins - Independent non-executive director

Richard is Chairman of Acora, an IT Services outsourcing company and YSC, an international Leadership Development company. He has spent the majority of his career within the IT industry.

Previously, he was a director at Data Sciences where he led its MBO from Thorn EMI in 1991 and then managed its successful sale to IBM in 1996. His final role at IBM was as General Manager for IBM Global Services Northern Europe where he was also a member of the IBM worldwide senior leadership team. Since leaving IBM in 2005 he has acted as a non-executive director for several companies including Aon, Compel, Message Labs, Global Crossing, Morse and Easynet. Richard qualified as a Chartered Accountant with EY.

Amanda Brown - Independent non-executive director

Amanda is the Chief Human Resources Officer at Hiscox Ltd, a FTSE 250 business and specialist insurer with offices in 14 countries.

Amanda has more than 20 years of international HR experience in a variety of industries, including consumer goods, leisure, hospitality, and financial services. Prior to Hiscox, Amanda held a number of leadership roles with Mars, PepsiCo, and Whitbread plc. She has expertise in human resources, remuneration strategy, and managing organizations through periods of significant change.

Lawton Fitt - Independent non-executive director

Lawton is an investment banker and a highly experienced corporate director. She currently serves on the boards of Ciena Corporation, The Progressive Corporation and The Carlyle Group, and was previously a non-executive director at ARM plc and Thomson Reuters. Lawton worked at Goldman Sachs for over 23 years in investment banking, equities and asset management, and for more than a decade she led the equity capital markets team, focused on technology companies. She was elected a Partner in 1994 and worked in the London and New York offices.

From 2002 to 2005 Lawton was the Secretary (Chief Executive Officer) of the Royal Academy of Arts in London and has served as a trustee for a number of not-for-profit organizations and foundations, including the Goldman Sachs Foundation and the Thomson Reuters Foundation. She received her undergraduate degree in European History from Brown University and her MBA from the Darden School of the University of Virginia.

Sander van 't Noordende - Independent non-executive director

Sander joined the Micro Focus board in June 2020. He has had a 32-year career in Technology and Professional Services at Accenture, where he was a member of the Global Management Committee from 2006 to 2019. His last role in Accenture was Group Chief Executive of the Products Operating Group which serves clients in the consumer goods, retail, travel, life sciences and industrial & automotive industries. Before that he looked after Management Consulting, the Resources Operating Group and The Netherlands. He also served on the board of Avanade (an Accenture JV with Microsoft).

Sander is passionate about equality and belonging in the workplace, especially the LGBTI agenda. He has been recognised several times by the FT as one of the top 100 global LGBT+ Executives. He currently serves on the Board of Out & Equal (the world's premier LGBT workplace equality organization).

He holds a Master's degree in Industrial Engineering and Management Science from the Eindhoven University of Technology.

Robert Youngjohns - Independent non-executive director

Robert is a board member at a small number of growth companies in the technology sector and an operating executive at Marlin Equity Partners. Robert previously served as Executive Vice President and General Manager of HP Software at Hewlett Packard Enterprises ("HPE"). During his tenure at Hewlett Packard, Robert was a member of HP's Executive Council, as well as a Senior Vice President.

Prior to his work at HPE, Robert was a Senior Vice-President of Microsoft and President of Microsoft North America. He has held senior leadership positions at Sun Microsystems and IBM. Robert holds a Master's degree with honors in physics and philosophy from Oxford University.

Board members' external commitments

Each of the non-executive directors confirms on appointment that they will devote sufficient time to meet what is expected of them in their role. They have each disclosed their other significant commitments and the time involved in these and advise the board of any changes.

One executive director has an external role.

Brian McArthur-Muscroft is a non-executive director of Robert Walters plc.

Senior Management

Senior Management as at October 31, 2020:

Name	Role
Paul Rodgers	Chief Operating Officer
Chris Livesey	Senior Vice President, Revenue Growth and Strategy
John Delk	Senior Vice President and General Manager of the Security Product Group
Raffi Margalio	Senior Vice President and General Manager, Application Delivery Management Product Group
Geneva Murphy*	Chief Marketing Officer
Jane Smithard	Chief Legal Officer and Group General Counsel
Susan Ferguson	Chief Human Resources Officer & Senior Vice President Business Operations
Tom Goguen	Chief Product Officer and General Manager, IT Operations Management Product Group
Colin Mahony	Senior Vice President and General Manager, Vertica Product Group
Neil Fowler	Vice President and General Manager, AMC Product Group
Scott Richards	Vice President and General Manager of the Information Management & Governance (IM&G) Product Group
Suzanne Chase	Group Company Secretary and Head of Assurance
Nick Wilson	Worldwide President of Sales

Paul Rodgers - Chief Operating Officer

Paul Rodgers is the Chief Operating Officer for Micro Focus and has a proven track record of success with pioneering board-level strategies that facilitate transformations across complex business landscapes. Paul supports the businesses by identifying areas for innovation and guiding strategic changes that improve efficiencies, reduce cost and deliver large-scale growth.

Prior to this role, Paul served as the Business Operations and Integration lead for Micro Focus, where he was responsible for overseeing the successful integrations resulting from the company's merger and acquisition activity. Paul joined Micro Focus in April 2008 as the Group HR Director, and prior to joining Micro Focus, Paul spent 17 years with IBM and four years as Managing Director of a successful Executive HR consultancy business with clients such as Dell, Unilever, Yahoo and Sainsbury's.

Chris Livesey - Senior Vice President, Revenue Growth and Strategy

Chris Livesey is the Senior Vice President of Revenue Growth & Strategy, responsible for how we strengthen and innovate our engagement with customers, to enable their success and maximum return on investment.

Chris has over 25 years of experience in the technology industry, holding a number of executive leadership positions including sales, marketing, product development, and consulting. He holds a BSc (Hons) in Mathematics and Statistics and a Master's degree in Software Engineering, both from the University of Glasgow.

John Delk - Senior Vice President and General Manager of the Security Product Group

John Delk is the Senior Vice President and General Manager of the Security Product Group at Micro Focus. Prior to this role, he served as Chief Marketing Officer and Chief Product Officer. John joined Micro Focus in 2014 as part of the acquisition of the Attachmate Group where he had served as Vice President of Product Management and Marketing for NetIQ. Prior to that, he spent seven years in various leadership positions at Novell in product management, sales, and services.

John has over 35 years of experience in the IT industry working for numerous other companies holding roles including Managing Partner at BearingPoint/KPMG Consulting and a Vice President at EDS. He holds a master's degree in Computer Science from Georgia Institute of Technology and a bachelor's degree from Furman University with a double major in Mathematics and Computer Science.

Raffi Margalio - Senior Vice President and General Manager, Application Delivery Management Product Group

Raffi leads the Application Delivery Management product group within Micro Focus and has over two decades of experience driving business strategy, product development and delivering innovative technology solutions that solve customer problems.

Raffi was a founding engineer for what is now the Application Lifecycle Management platform and joined the company through the acquisitions of HPE Software business and HP's acquisition of Mercury Interactive.

While at HPE, he held a number of general manager roles, including leading both the Enterprise Mobility and IT Management- as-a-Service business units. He holds both a bachelor's and master's degree in computer science from the Hebrew University of Jerusalem in Israel.

Geneva Murphy - Chief Marketing Officer*

Geneva Murphy is the Chief Marketing Officer for Micro Focus. Under Geneva's leadership, the marketing and enablement teams drive global and regional programs across all Micro Focus product groups, support, and services. They ensure that customers, partners, and employees understand the value that the Micro Focus portfolio can bring to Digital Transformation. Her team is also responsible for developing positive momentum with analysts and media, contributing thought leadership within the enterprise technology domain, and helping solidify critical relationships with customers, partners, and prospects.

Geneva has more than 10 years' experience across various disciplines in the field of technology from consulting, to product management and strategy. Previously, Geneva was the Global Vice President of Corporate Marketing and Enablement. Geneva holds a BSc in Business IT and a PhD in New Technology Adoption.

* Geneva left the business in January 2021

Jane Smithard - Chief Legal Officer and Group General Counsel

Jane has more than 25 years' experience as a lawyer in the IT industry and software sector. She has worked with Micro Focus for over 20 years providing a wide range of commercial and corporate legal services, from leading the efforts through the 2005 IPO to driving the legal aspects of the group's mergers, acquisitions and divestitures strategy including the acquisition of HPE Software business and divestiture of SUSE. Jane leads a team of approximately 60 lawyers and other professionals worldwide, the majority of whom are focused directly on supporting the Company's commercial teams and business.

Jane qualified as a Barrister and was called to the Bar of England and Wales in 1982. She has a BA (Hons) in Law, a postgraduate diploma in European Law from King's College, London, and is a Fellow of the Chartered Institute of Arbitrators.

Susan Ferguson - Chief Human Resources Officer and SVP Business Operations

Susan is our Chief Human Resources Officer & SVP Business Operations. She is responsible for leading the HR organization in addition to managing business operations across the organization including driving strategic initiatives.

Susan joined Micro Focus from Hewlett Packard Enterprise (HPE) Software in 2017 where she held the position of Vice President, Worldwide Indirect Sales. Previously Susan held the role of Vice President, Strategy & Planning, Chief of Staff to the EVP of HPE Software business and prior to that was Vice President Worldwide Alliances & Channels, Big Data. Susan was recognised among CRN's Power 100 Women of the Channel during her tenure.

Before joining HPE, Susan was Vice President at Oracle Corporation and earlier at Sun Microsystems, where she led regional and global services, indirect sales and functional organizations. At Sun, Susan previously led global legal teams with responsibility for sales, marketing, channel, supply chain and anti-trust matters. Susan graduated with a LL.B Honours degree and is a qualified attorney and mediator.

Tom Goguen - Chief Product Officer and General Manager, IT Operations Management Product Group

Tom Goguen is currently the Chief Product Officer and General Manager of the IT Operations Management (ITOM) Product Group. Tom joined Micro Focus as part of the merger with the Software division of HPE. He joined HPE in 2016, and was responsible for developing and delivering the industry's broadest set of IT operations management solutions for traditional IT, private, public, and hybrid cloud environments, including data center automation, network operations management, IT service management automation, hybrid cloud management, and automated monitoring, analysis, and remediation for IT operations.

Tom has more than 20 years of experience in product-line management and executive roles spanning engineering, product management, and marketing functions at Sun Microsystems, Apple, and BlackBerry.

Colin Mahony - Senior Vice President and General Manager, Vertica Product Group

Colin Mahony leads the Vertica Product Group for Micro Focus, spanning global GTM, Product Strategy, R&D, Professional Services and Support. Colin has led his team to deliver industry leading in-database machine learning capabilities and advanced analytics with the performance and scale needed to power the world's most data driven enterprises. Colin is known for his industry thought leadership, technical expertise and business acumen.

In 2011, Colin joined HP through the Vertica acquisition and has since led the business. Prior to Vertica, Colin was a Vice President at Bessemer Venture Partners and before that he worked at Lazard Technology Partners. Earlier in his career, Colin was a Senior Analyst at the Yankee Group, serving as an industry analyst and consultant covering databases, BI, middleware, application servers, and ERP systems. Colin earned an MBA from Harvard Business School and a bachelor's degree in Economics with a minor in Computer Science from Georgetown University.

Neil Fowler - Vice President and General Manager, AMC Product Group

Neil Fowler leads the Application Modernization and Connectivity (AMC) Product Group for Micro Focus. Neil joined Micro Focus in 1991 and played a key role in R&D as a technical architect in Enterprise Solutions. With significant experience of helping hundreds of customers deliver modernization projects he has been at the forefront of product architecture and strategy across COBOL, Mainframe Solutions, CORBA and Host Connectivity.

Over the past 25 years Neil has held a number of different leadership roles responsible for strategy, acquisition integration and product design and delivery. Prior to his current role, Neil was Vice President for Engineering in AMC. He has a degree in Physics and Computer Science from Brunel University.

Scott Richards - Vice President and General Manager of the Information Management & Governance (IM&G) Product Group

Scott Richards is the Vice President and General Manager of the Information Management & Governance (IM&G) product group at Micro Focus. Prior to this role, he served as the Vice President of Worldwide Engineering for the IM&G product group.

Scott joined Micro Focus in 2014 as part of the acquisition of the Attachmate Group where he served as Senior Director of Engineering as well as in several other leadership roles.

Scott has over 25 years of experience in the high-tech industry working for both startups and large corporations including leadership roles at 3Com and VP of Product Development and Marketing at Senforce Technologies. Scott holds a master's degree in International Management from Thunderbird School of International Management at Arizona State University and a bachelor's degree from Utah State University with a major in Marketing and a minor in Japanese.

Suzanne Chase – Group Company Secretary and Head of Assurance

Suzanne is Group Company Secretary and Head of Assurance. She is a solicitor with over 30 years expertise in M&A, governance, compliance, risk and assurance. Previous positions held have been Group General Counsel at Wickes plc, Group General Counsel and Company Secretary at The Big Food Group plc, General Counsel and Company Secretary at Morse plc, General Counsel and Company Secretary at Parity Group plc and Compliance Partner at King Sturge LLP (now part of JLL). She is a member of The Law Society of England and Wales. Suzanne is also a Fellow of the Royal Society of Arts, Manufactures and Commerce.

Nick Wilson - Worldwide President of Sales

Nick Wilson is the Worldwide President of Sales for Micro Focus. Nick leads our Sales, Services, Support and Customer Success teams worldwide and is responsible for delivering on our commitment to our customers' success. Through his leadership the teams at Micro Focus are jointly focused on offering effective solutions that drive value, and delivering a positive, seamless, end-to-end customer experience.

Nick has spent more than 30 years in the IT industry, having held several senior leadership roles, including Managing Director for UK and South Pacific for HP/HPE, President & CEO of EMEA Outsourcing (the UK & Nordics business for CSC), Managing Director at UNISYS UK, and General Manager of IBM's Global Services business in the UK, Ireland and South Africa. Through this broad experience across sales, services, support, education and software development, Nick understands the complexities and challenges companies face in the ever-changing and evolving business where technology is critical.

In addition to his corporate contributions, Nick is a passionate STEM ambassador and vocational education advocate and has worked with various institutions to develop programs to support science, engineering and technology careers.

Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or member of senior management can be found in note 31 "Related party transactions" of the Consolidated financial statements in Item 18 .

Item 6. B. Compensation.

Aggregate compensation paid to the Group's directors and members of key management bodies are disclosed below. In addition, further information on the compensation of the Group's directors is disclosed. This is based upon information extracted from the Remuneration report in the UK Annual Report and Accounts prepared in line with the recommendations of the UK Corporate Governance Code.

	12-months ended October 31, 2020
Aggregate compensation including fees paid to non-executive directors	\$m
Short-term benefits	12.4
Share based payments	2.2
Total compensation	14.6

Single figure for total remuneration of executive directors

The table below shows the single figure for total remuneration for executive directors for the financial year ended October 31, 2020, together with their respective figures for the year months ended October 31, 2019 as shown in last year's report.

	(a) Base Salary ¹	(b) Benefits in kind ²	(c) Annual bonus ³	(d) LTIP ⁴	(e) Pension ⁵	(f) Total	Total Fixed Remuneration (Total of (a), (b) and (e))	Total Variable Remuneration (Total of (c) and (d))
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors								
Stephen Murdoch	2020	850	24	283	-	127	1,284	283
	2019	850	23	-	565	128	1,566	565
Brian McArthur-Muscroft	2020	600	25	199	-	90	914	199
	2019	600	21	-	90	711	711	-
Kevin Loosemore ⁶	2020	216	12	44	-	43	315	44
	2019	750	38	-	1,205	150	2,143	1,205

1 Base salary is the amount earned during the period in respect of service as a director.

2 Benefits include car allowance, private medical/dental insurance, group income protection and life assurance. Last year's benefits numbers have been revised to include the value of the life assurance benefit provided. There has been no change in the benefits offered to directors in FY20 versus FY19. Increases in the benefits numbers from FY19 to FY20 reflect increases in employer premiums for medical insurance and life assurance and, for the CFO, the full level of coverage for life assurance and group income protection being provided following completion of the underwriting process.

3 Annual bonus reflects payment for performance during the year in respect of service as a director. One-third of the annual bonus amount included in the table above for Stephen Murdoch and Brian McArthur-Muscroft is deferred into an award over shares which vests after three years. Dividend equivalents accrue on the deferred share awards.

4 The zero amount for LTIP for 2020 reflects the lapse of the 2017 LTIP award on July 7, 2020 due to the performance conditions not being met. The 2019 figures reflect the 2016 LTIP which vested on July 26, 2019 at a vesting share price of £17.418. The amount for 2019 that directly relates to share price appreciation is zero. No discretion was applied by the remuneration committee in determining the vesting outcomes in 2019 or in 2020.

5 All pension amounts paid by the Company in the 2020 financial year are cash in lieu of pension allowances. The current executive directors will transition from their current contribution rates (15% of base salary) to the new hire pension maximum applicable to employees generally by the end of 2022 in one step.

6 Kevin Loosemore stepped down from the board on February 14, 2020. All amounts in the table above reflect the period of service as a director.

Annual bonus for the financial year ended October 31, 2020

The target bonus opportunity for executive directors is 75% of base salary (maximum 150% of base salary). Set out below is a summary of performance against each financial measure and the personal achievement component and the resulting payout for the 12-month period ended October 31, 2020.

Performance measure	Weighting	Financial target (\$m) ¹			Achievement	Achievement vs target	Payout%	Weighted payout %		
		Threshold ² (0%)	Target (50%)	Maximum (100%)				Stephen Murdoch	Brian McArthur- Muscroft	Kevin Loosemore
Adjusted EBITDA	60%	\$1,165	\$1,226	\$1,288	\$1,174	95.7%	6.9%	4.2%	4.2%	4.2%
Revenue	20%	\$3,095	\$3,158	\$3,221	\$3,027	95.8%	0.0%	0.0%	0.0%	0.0%
Key Personal Objectives (KPOs)	20%	A description of the KPOs for the CEO and CFO is set out below. There were no KPOs for the prior Executive Chairman.						18.0%	18.0%	1.0%
Total	100%					Payout % (of maximum bonus)		22.2%	22.2%	5.2%
						Payout % (of FY20 salary)		33.2%	33.2%	7.8%

1 Financial targets are on a post-IFRS16 basis and performance is measured based on constant rates of currency exchange.

2 Payouts under the financial measures are 0% for threshold performance, 50% for target performance and 100% for achieving the maximum level of performance. Payouts are on a straight-line basis between threshold and target and between target and maximum.

3 Amounts disclosed for Kevin Loosemore reflect time served as a director, i.e. up to February 14, 2020. As disclosed in last year's report, given the announcement about Kevin Loosemore stepping down from the board, the committee determined that Kevin Loosemore would not have specific key deliverables under the KPO element for the 2020 bonus. Instead, the outcome under this element is determined by reference to the weighted average performance outcome under the financial measures.

This results in overall bonus payouts of £282,515 for the CEO and £199,422 for the CFO. Two-thirds of the overall amount (£188,343 for the CEO and £132,948 for the CFO) will be paid in cash in March 2021 and the remaining one-third is subject to deferral into an award over shares. Deferred share awards (with a current face value of £94,172 for the CEO and £66,474 for the CFO) will vest after three years, i.e. in Q2 FY24. The deferred share awards are not subject to any further performance conditions, but they are subject to malus and clawback and they include a right to dividend equivalents over the three-year vesting period. The bonus payout of £43,854 for the prior Executive Chairman will be paid in cash in March 2021.

KPO	Relative weighting	Achievement vs KPO	Weighted payout %
CEO and CFO			
React to prevailing circumstances and build a plan to allow the Company to deal with the employee, customer and environmental disruption caused by the COVID-19 crisis, while preserving the ambitions outlined in February 2020 when announcing the result of the Strategic & Operational Review.	10% (for both CFO and CEO)	<p>Trading suffered during the first half of the year and stabilized in the second half as a direct consequence of the actions taken by the CEO and CFO. Some examples of achievements are set out below:</p> <p>Leading the response to COVID-19 through a Steering Group ensuring employees were safe, supported and engaged and that we fully supported our customers and partners throughout. Employee support and communications were greatly enhanced overall and focused on the actions and support needed by our people to cope. The most recent employee opinion survey saw an improvement in overall employee engagement of 11% and a 30 point improvement in Employee Net Promoter Score.</p> <p>The Revenue Growth Office was established to drive transformation of Go-To-Market and delivery of more effective end-to-end alignment by Product Portfolio. We simplified core operations and sharpened our focus on delivering product innovation in support of our customers' digital transformation programs.</p> <ul style="list-style-type: none"> Improvements were made to the sales processes (such as single sales methodology, standard management systems and tools) as an important foundation for future revenue improvement. Progress was made in setting up Security and Big Data for more autonomous operation. For example, we made changes in operational management, improved end-to-end organizational alignment and added specialist sales resources. Preparations were completed for the recent cutover for a significant proportion of the company to comprehensive new systems and processes (referred to as 'Stack C'). <p>The committee judged the plan and its implementation to have successfully achieved its objective of dealing with crisis and getting the best possible outcome for all stakeholders.</p>	9% (for CEO and CFO)

CEO

Build a leadership team capable of delivering our ambition of a company with stable revenues, capable of delivering AEBITDA¹ in the mid-forties percent and free cash flow² between of at least \$700 million per annum. To support this objective, demonstrate an effective succession planning process supported by Company-wide talent identification and development.

10% In relation to this KPO, the following was achieved:

9%

- Comprehensive development and talent reviews were undertaken, resulting in a significant number of changes in management responsibilities and personnel in the executive leadership team, particularly in the HR and sales functions. These changes have led to improvements in the short-term and, more importantly, form a base for future development and identification of our leadership gaps and opportunities and the development plans needed to support our future ambitions.
- In the broader senior leadership, particularly in the sales function, there have been key hires made through a combination of internal and external talent.
- “Academies” have been established with the aim of infusing talent in AMC and inside sales and there has been additional investment in training, development and career planning.

The committee considers the Company to be much better placed to enable changes where needed in identifying and developing leadership internally and recruiting externally where necessary.

CFO

Manage the Company’s response to COVID-19 from an overall finance perspective with particular focus on business continuity, cash management, overall balance sheet management and the interactions and messaging required externally to support the above.

10% In relation to this KPO, the following was achieved:

9%

- The refinancing of longer-term debt, including restructuring the ‘revolver’ facility, has put us in a strong position with no obligations now falling due until 2024 and repaying a portion of our debt early and has given the Board the ability to reinstate a dividend.
- Driving stable cash conversion during COVID-19, including resolution of aged debt, rationalizing and consolidating vendors as well as optimizing cash pooling to maximize liquidity.
- Effectively navigated the Company during COVID-19 from a financial perspective ensuring that the Company came through the period with a strong balance sheet and employees’ roles were protected.

The committee considered the significant overachievement of our cash targets and management of working capital to have been exemplary.

¹Adjusted EBITDA is defined in Item 3.D.

² Free cash flow is defined in Item 5.D.

This results in a KPO payout of 18% out of a possible 20% or 27% of salary for the personal objectives for each of the two executive directors. For completeness, this, together with the low payout for their other financial targets, made a total of 22% of maximum bonus (which equates to 33% of salary) for each of them.

Share Awards

The Group’s directors and members of key management bodies participate in the Group’s Long-term Incentive Plan, Additional Share Grants and Deferred Share Bonus Plan. Descriptions of these plans including the vesting criteria and specific awards under each plan for the Group’s executive directors are included below.

Aggregate information in relation to each plan for the directors and members of key management bodies:

	Number of awards	Range of exercise prices (pence)	Range of expiry dates
Long-term Incentive Plan	4,228,738	nil to 10 pence	April 18, 2021 to December 3, 2099
Additional Share Grant	405,917	nil	November 20, 2024
Deferred Share Bonus Plan	10,013	nil	February 28, 2099

In addition, the directors and senior management are eligible to participate in the Sharesave and Employee Stock Purchase Plan. Descriptions of these plans are included in note 29 “Employees and directors” of the Consolidated financial statements in Item 18. Aggregate information in relation to these schemes for the directors and members of key management bodies:

	Number of options	Exercise prices (pence)	Range of expiry dates
Aggregate Sharesave options	11,831	241.28 to 617.68 pence	October 1, 2023 to April 1, 2024

Executive Directors

Lapse of LTIP awards

The LTIP awards granted on September 6, 2017 as nil-cost options to Stephen Murdoch and Kevin Loosemore lapsed on July 7, 2020. These awards were granted under the Directors' Remuneration Policy in effect before the approval of the current Remuneration Policy at the Annual General Meeting in March 2020.

The performance condition for these awards was based on average aggregate EPS growth in excess of RPI over the three years ended April 30, 2019, as set out in the table below:

Average aggregate EPS growth of the Company in excess of RPI over the performance period	Vesting percentage of the shares subject to an award	Achievement against the percentage range	Resulting vesting percentage
Less than 3% p.a.	0%	Less than 3% p.a.	0%
Equal to 3% p.a.	25%		
Between 3% and 9% p.a.	Between 25% and 100% on a straight-line basis		
Equal to or above 9% p.a.	100%		

The aggregate Diluted Adjusted EPS over the performance period of 579.94 cents was below the minimum threshold aggregate EPS of 592.01 cents required for the minimum level of vesting at 3% per annum above RPI from the base year figure of 270.60 cents. As a result, there was 0% vesting for these awards and they lapsed in full on July 7, 2020 (36,664 awards for Stephen Murdoch and 67,965 awards for Kevin Loosemore).

Scheme interests awarded during the financial year ended October 31, 2020

LTIP – nil cost options

Executive director	Date of grant	Basis on which award is made	Face value of award at grant	Percentage of maximum which would be received if threshold performance achieved	End of performance period
Stephen Murdoch	April 23, 2020	Grant of award over 250,000 shares (117% of salary)	£994,250		Adjusted Free Cash Flow: October 31, 2022
Brian McArthur-Muscroft	April 23, 2020	Grant of awards over 300,000 shares (199% of salary)	£1,193,100	0%	Relative TSR: April 22, 2023

1 The grant face value of the LTIP awards granted on April 23, 2020 was calculated based on the closing mid-market share price on the business day before grant of £3.977. As published on the Company's website on April 22, 2020 in the statement called "Terms of 2020 LTIP grants to Executive Directors", the basis of grant for these awards was a fixed number of shares. The grant level for Stephen Murdoch was significantly lower than the maximum 200% to reflect the share price decrease since the time of the previous grant in 2019.

2 The 2020 LTIP award to Brian McArthur-Muscroft lapsed with effect from his resignation on January 8, 2021.

The LTIP awards granted in the 2020 financial year have the following performance conditions based on Cumulative Adjusted Free Cash Flow (80% weighting) and Relative Total Shareholder Return (20% weighting) over a three-year period. The performance measures, targets and payout percentages are set out below:

	Cumulative Adjusted Free Cash Flow (80% weighting)	Company TSR relative to FTSE 250 (excluding Investment Trusts) Index (20% weighting)	Payout % for this element
Threshold	\$100m below Target	In line with Index	0%
Target	Commercially sensitive	Exceed Index by 20%	50%
Maximum	\$200m above Target	Exceed Index by 40%	100%

Vesting is on a straight-line basis between Threshold and Target, and between Target and Maximum.

Adjusted Free Cash Flow means cash generated from operations adjusted for interest payments, bank loan costs, tax payments, capital expenditure and finance lease payments and excludes the cash impact of exceptional items. For the 2020 LTIP awards, Adjusted Free Cash Flow will be measured on a cumulative basis over the three financial years ending October 31, 2020, October 31, 2021 and October 31, 2022.

The Adjusted Free Cash Flow Target is considered commercially sensitive and will be disclosed at the end of the performance period.

Relative TSR is measured over a three-year period from grant. The awards will vest three years from grant, subject to achievement of the performance measures. A two-year holding period will apply post-vesting, during which time executive directors are required to retain any net (after tax) vested shares. Executive directors will be entitled to dividend equivalents in accordance with the rules of the LTIP and the approved Directors' Remuneration Policy.

Outstanding share-based awards

The tables below set out vested but unexercised nil-cost options, unvested nil-cost options and unvested deferred bonus shares held by executive directors who served on the board during the 2020 financial year, including details of awards granted, nil-cost options exercised and awards vested and lapsed during the year of reporting.

All outstanding unvested nil-cost options are subject to performance conditions. Deferred bonus shares are not subject to performance conditions. As a result of the announcement on January 8, 2021 that Brian McArthur-Muscroft would be leaving the Company, the outstanding unvested awards over a total of 460,964 shares held by him lapsed with effect from January 8, 2021. Between October 31, 2020 and the date of this report, there have been no other changes in the nil-cost options or awards held by the executive directors as set out below.

Micro Focus International plc Incentive Plan 2005 ("LTIP") – nil-cost options

	Grant date	Number at November 1, 2019	Number granted in the financial year	Number exercised in the financial year	Number lapsed in the financial year	Number at October 31, 2020	Dates for exercise
Stephen Murdoch	September 13, 2016	39,640	-	-	-	39,640	July 26, 2019 to July 25, 2026
Stephen Murdoch ¹	September 6, 2017	36,664	-	-	36,664	-	n/a
Stephen Murdoch ³	September 20, 2018	67,537	-	-	-	67,537	September 20, 2021 to September 19, 2028
Stephen Murdoch ²	February 18, 2019	101,190	-	-	-	101,190	February 18, 2022 to February 17, 2029
Stephen Murdoch ⁵	April 23, 2020	-	250,000	-	-	250,000	April 23, 2023 to April 22, 2030
Brian McArthur-Muscroft ²	November 22, 2018	80,482	-	-	-	80,482	November 22, 2021 to November 21, 2028
Brian McArthur-Muscroft ⁴	November 22, 2018	80,482	-	-	-	80,482	November 22, 2022 to November 21, 2028
Brian McArthur-Muscroft ⁵	April 23, 2020	-	300,000	-	-	300,000	April 23, 2023 to April 22, 2030
Kevin Loosemore ⁶	September 13, 2016	69,156	-	69,156	-	-	n/a
Kevin Loosemore ¹	September 6, 2017	67,965	-	-	67,965	-	n/a
Kevin Loosemore ²	February 18, 2019	89,285	-	-	37,202	52,083	February 18, 2022 to February 17, 2029

- Performance condition required that cumulative EPS growth over a three-year performance period starting on May 1, preceding the date of grant is at least equal to RPI plus 3% per annum (at which point 25% of awards will vest) and for full vesting the aggregate EPS growth will be required to be RPI plus 9% per annum. Straight-line vesting applied between these points. These awards lapsed in full on July 7, 2020 as the minimum performance threshold was not met.
- Performance condition requires that cumulative EPS growth over a three-year performance period starting on November 1, preceding the date of grant is at least equal to RPI plus 3% per annum (at which point 25% of awards will vest) and for full vesting the aggregate EPS growth will be required to be RPI plus 9% per annum. Straight-line vesting will apply between these points. Kevin Loosemore's award of 89,285 nil-cost options was pro-rated on leaving the Company to reflect time served to August 13, 2020. The performance condition will be tested after the performance period ends on October 31, 2021.
- Performance condition requires that cumulative EPS growth over a three-year performance period starting on May 1, preceding the date of grant is at least equal to RPI plus 3% per annum (at which point 25% of awards will vest) and for full vesting the aggregate EPS growth will be required to be RPI plus 9% per annum. Straight-line vesting applied between these points. The performance condition will be tested after the performance period ends on April 30, 2021.
- Performance condition requires that cumulative EPS growth over a four-year performance period starting on the November 1, preceding the date of grant is at least equal to RPI plus 3% per annum (at which point 25% of awards will vest) and for full vesting the aggregate EPS growth will be required to be RPI plus 9% per annum. Straight-line vesting will apply between these points. The performance condition will be tested after the performance period ends on October 31, 2022. This performance condition is unique to Brian McArthur-Muscroft's award and this award, along with his other awards, lapsed on January 8, 2021.
- The performance condition for this award is disclosed above.
- Kevin Loosemore exercised these nil-cost options on July 9, 2020 (i.e. after he had stepped down from the board but whilst he was still an employee) at a share price of £3.35, which was the closing mid-market quotation price on the day of exercise.

In considering the likely vesting level of the outstanding unvested LTIP awards granted before 2020 noted in the table above (i.e. awards to which footnotes 2 and 3 apply), due regard should be given to the performance conditions specified in footnotes 2 and 3 as well as performance to date and broker forecasts.

The aggregate amount of gains made by directors on the exercise of options during the financial year was zero. The exercise of options during the financial year by Kevin Loosemore was at a time when he was no longer a director of the Company.

Deferred Share Bonus Plan (“DSBP”) – conditional awards

Executive director	Date of grant	Number at November 1, 2019	Number granted in the financial year	Number vested in the financial year	Number lapsed in the financial year	Number at October 31, 2020	Date of release
Stephen Murdoch ¹	July 25, 2017	5,051	-	5,051	-	-	July 25, 2020
Stephen Murdoch	February 28, 2019	10,013	-	-	-	10,013	February 28, 2022

¹ The deferred bonus shares which were released on July 25, 2020 related to the one-third deferral of the annual bonus earned for financial year ending April 30, 2017. The awards were granted with the right to a dividend equivalent, so 3,501 additional shares were released to reflect the dividends paid between the date of grant and the date of vesting. The vesting share price was £2.82 (calculated based on the sale price for tax shares sold on July 27, 2020). The price which was used to determine the number of deferred bonus share awards granted in 2017 was £22.27.

Non-executive directors

Aggregate compensation including fees paid to non-executive directors

	12 months ended October 31, 2020
	\$m
Short-term benefits	0.9
Share based payments	-
Total compensation	0.9

Single figure for total remuneration of non-executive directors

No changes were made to the fee structure for non-executive directors. The following table sets out the single figure for total remuneration of non-executive directors for the 12-months ended October 31, 2020, together with their respective figures for the 12-month period ended October 31, 2019 as shown in last year’s report.

	Fees	
	2020	2019
	(12 months)	(12 months)
Non-executive directors	£'000	£'000
Greg Lock ¹	284	n/a
Karen Slatford	120	120
Richard Atkins	90	90
Amanda Brown ²	90	90
Lawton Fitt ³	80	80
Robert Youngjohns ⁴	38	n/a
Sander van 't Noordende ⁵	29	n/a
Silke Scheiber ⁶	18	70

1 Greg Lock joined the board on February 14, 2020. Greg Lock received private medical and dental cover (single person coverage) with effect from April 2020 following approval of the current Directors' Remuneration Policy at the AGM on March 25, 2020.

2 Prior to January 1, 2019, Amanda Brown's fees were paid direct to her employer.

3 Lawton Fitt receives an additional fee of £10,000 per annum due to her SEC and SOX experience.

4 Robert Youngjohns joined the board on April 16, 2020.

5 Sander van 't Noordende joined the board on June 2, 2020. His GBP fee is paid to him in US dollar (converted based on the average monthly FX rate in the month prior to payment).

6 Silke Scheiber left the board on February 4, 2020.

Item 6. C. Board practices.**Role of the board**

The board leads and controls the Company and has collective responsibility for promoting the long-term success of the Group. While the board delegates some responsibilities to its committees or, through the Chief Executive Officer, to management, it has agreed a formal schedule of matters that are specifically reserved for its consideration and are publicly available on the investor relations section of the Company's website. These include key areas such as:

- Strategy and Management – including the Group's purpose, values and strategy, annual operating and capex budget approval, oversight of operations ensuring maintenance of sound management and internal control systems, reviewing performance in light of the Group's strategy and objectives, extension of activities into new business or geographical areas and any decisions to cease any material part of the Group's business;
- Structure and Capital – including changes to the Group's capital structure such as share issues and buybacks or reduction in capital, major changes to the Group's corporate structure including material acquisitions and disposals and changes to the Group's management and control structure;
- Financial reporting and Controls – including results announcements, dividend policy and declarations, significant changes in accounting policies or practices, treasury policies and the Annual Report;
- Internal Controls – including monitoring the effectiveness of the Group's risk management and internal controls processes; and
- Material Contracts Approvals; Communications with Shareholders; Board membership (following recommendations from the Nomination committee); Approval of Remuneration Policy and Delegations of Authority.

At each meeting, the board reviews progress of the Group towards its objectives and receives papers on key subjects in advance of each board meeting. These typically cover:

- Strategy and budgets;
- Business and financial performance;
- Product plans and development;
- Corporate activities;
- Human resources;
- CSR activities;
- Investor relations; and
- Corporate governance.

While the board retains overall accountability for and control of the Company, the executive directors are responsible for conducting the day-to-day management of the business. The review of the Group's principal business activities is the responsibility of the Operating Committee. The Operating committee comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, Chief Human Resources Officer and Vice President of Business Operations and the Chief Legal Officer, and is chaired by the Chief Executive Officer, Stephen Murdoch.

Roles of board members

The non-executive Chairman has responsibility for leading the board, including setting the agenda (in conjunction with the Senior Independent Director and the Company Secretary), style and tone of board discussions to promote effective decision making and constructive debate and for shaping the culture of the boardroom. He is also responsible for shareholder and stakeholder engagement, including listening to the views of the workforce, customers and other stakeholders and ensuring that their views are conveyed to the board as a whole. He chairs board meetings, facilitating the effective contribution of non-executive directors by drawing on their skills, experience and knowledge and ensuring that the board is effective in all aspects of its role, and for upholding the highest standards of integrity and probity. He also chairs shareholder meetings and is responsible for ensuring effective communication with shareholders.

Prior to the appointment of the non-executive Chairman, the Senior Independent Director, Karen Slatford, chaired the nomination committee and was therefore responsible for succession planning; and also led on governance issues, including the annual review of overall board effectiveness. These responsibilities have now passed to the non-executive Chairman. During the year, Karen took up the role of non-executive director responsible for workforce engagement in accordance with the Code.

The Senior Independent Director meets or speaks with the Chairman regularly, and will work with the Chairman and other directors to resolve any significant issues which may arise, acting as an intermediary for other non-executive directors if necessary; and is also available to shareholders if they have concerns in circumstance where contact through the normal channels of Chairman, CEO or CFO has either failed to resolve or is inappropriate. Each of the non-executive directors has been appointed for a specific term, subject to annual re-election by shareholders. The independent non-executive directors comprise a majority of the board.

The executive directors are responsible for developing the Group's strategy and proposing the budget for board approval and are accountable to the board through the Chief Executive Officer. They are also responsible for the financial and operational performance of the Group and, in conjunction with the operating committee, they are collectively responsible for the day-to-day running of the business. There is a clear and documented division of responsibilities between the non-executive Chairman, who is responsible for running the board, shareholder and stakeholder engagement, and the Chief Executive Officer, who is responsible for strategy, investment and financing, risk management and the day-to-day operation of the business. The role of the Senior Independent Director is also documented. During the year, these responsibilities have been reviewed, updated and considered by the board, to reflect the changes resulting from the appointment of the non-executive Chairman during the year.

The role of the non-executive directors is to ensure that independent judgement is brought to board deliberations and decisions and to provide constructive challenge as appropriate. They promote the highest standards of integrity, probity and corporate governance throughout the Company. The non-executive directors possess a wide range of skills and experience, relevant to the development of the Company, which complement those of the executive directors.

The non-executive directors, led by the Senior Independent Director, met regularly throughout the year in private session without executive directors in attendance.

The Company Secretary is accountable to the board through the Chief Financial Officer, to whom she reports. It is the responsibility of the Company Secretary to ensure that agreed board procedures are followed and all rules and regulations are complied with. The Company Secretary's responsibilities include facilitating the induction and professional development of directors and ensuring the smooth flow of information between board members, between the board and its committees and between non-executive directors and senior management. In addition, all directors have direct access to the advice and services of the Company Secretary. Appointment of the Company Secretary is a matter for the whole board and the appointment of Suzanne Chase, our Head of Assurance, to this role in June 2020 signals the Board's recognition of good governance as a key mitigator of risk.

The responsibilities of the Chairman, Chief Executive, Senior Independent Director, board and committees have been clearly defined and set out in writing and are available to download from the investor relations section of our website.

Executive directors' service agreements

Executive directors' service agreements at October 31, 2020:

Executive director	Date of service contract	Notice period
Stephen Murdoch	April 16, 2014	The agreement is terminable by either party on six months' notice
Brian McArthur-Muscroft ¹	November 4, 2018	The agreement is terminable by either party on six months' notice

1. As announced on January 8, 2021, Brian McArthur-Muscroft has notified the board of his intention to leave the Company. Brian continues in his role as CFO, whilst the board conducts a formal process to identify a new CFO to help drive the Group forward through the second half of its three-year plan and beyond.

Non-executive directors' terms of appointment

The non-executive directors' terms of appointment are recorded in letters of appointment. The required notice from the Company and the non-executive director is 90 days in all cases. The non-executive directors are not entitled to any compensation for loss of office and stand for election or re-election as appropriate at each AGM.

Details of the letters of appointment of each non- executive director who has served as a director of the Company at any time during the financial year ended October 31, 2020 are set out below:

Non-executive director	Appointment date	Expiration date
Greg Lock	February 14, 2020	February 14, 2023
Karen Slatford	July 5, 2010	July 5, 2022
Richard Atkins	April 16, 2014	April 16, 2023
Amanda Brown	July 1, 2016	July 1, 2022
Lawton Fitt	October 17, 2017	October 17, 2023
Sander van 't Noordende	June 2, 2020	June 2, 2023
Robert Youngjohns	April 16, 2020	April 16, 2023

All appointments of non-executive directors are subject to election by shareholders at the first AGM of the Company after appointment and to re-election on an annual basis thereafter.

Remuneration committee

Remuneration committee membership during the year ended October 31, 2020

During the financial year ended October 31, 2020, the committee comprised only of independent non-executive directors. The committee met seven times during the period under review. The number of committee meetings attended by each director in the period was as follows:

Committee member	Held	Number of meetings attended
Amanda Brown (Chair)	10	10
Richard Atkins	10	10
Lawton Fitt	10	10
Silke Scheiber ¹	4	4
Greg Lock ²	6	6
Robert Youngjohns ³	5	4
Sander van 't Noordende	3	3

1. Silke Scheiber left the board and the committee on February 4, 2020.
2. Greg Lock joined the board and the committee on February 14, 2020.
3. Robert Youngjohns joined the board and the committee on April 16, 2020.
4. Sander van 't Noordende joined the board and the committee on June 2, 2020.

The committee invited members of management to provide views and give advice on specific topics. Management did not participate in discussions relating to their own remuneration. The Group Company Secretary attended each meeting as secretary to the committee.

Terms of reference

The committee is responsible for the remuneration arrangements for executive directors and members of the executive management team, and for providing general guidance on aspects of remuneration policy throughout the Group. The terms of reference reflect the 2018 Corporate Governance Code issued in June 2018. The key aspects of the updated terms of reference are as follows:

- Determine the remuneration policy for the Company's Non-Executive Chairman and the executive directors and review its on-going appropriateness and relevance;
- Determine the total individual remuneration packages of the executive directors and the executive management team, including salary, bonuses, incentive payments, share awards, pensions and other benefits;
- Review the terms of executive service contracts for executive directors and the executive management team;
- Review any material changes to pension and benefit arrangements for executive directors and the executive management team;
- Agree the expenses policy for the Company's Non-Executive Chairman and executive directors;
- Develop the formal shareholding requirement policy, including post cessation, encompassing both vested and unvested shares;

- Oversee the operation of the Company's annual bonus plans, deferred bonus plans and long-term incentives as applied to executive directors and the executive management team, including award levels, performance conditions, payouts, and application of malus and claw-back where appropriate;
- Review the design of all share incentive plans for approval by the board and shareholders;
- Review the remuneration policies and practices across the Group and the alignment of workforce remuneration with culture; and
- Produce the annual Directors' Remuneration report.

The full terms of reference of the committee are available from the Company Secretary and are on the Company's website <https://www.microfocus.com/en-us/governance-policies/committees-of-the-board>

Audit committee

Attendance at committee meetings

During the 12-months ended October 31, 2020, the committee comprised only of independent non-executive directors. The committee met eight times during the period under review. The number of committee meetings attended by each non-executive director was relative to their time in office in the period and was as follows:

Director	Held	Attended
Richard Atkins	8	8
Amanda Brown	8	8
Lawton Fitt	8	8
Silke Scheiber ¹	3	3
Karen Slatford	8	8
Robert Youngjohns ²	3	3

1 Silke Scheiber ceased to serve as a director and member of the Audit committee on February 4, 2020.

2 Robert Youngjohns served as a director and member of the Audit committee from April 16, 2020.

Composition of the committee

The Audit committee comprises Richard Atkins (who serves as its chair), Amanda Brown, Lawton Fitt, Karen Slatford and Robert Youngjohns who joined the committee on April 16, 2020. Silke Scheiber also served on the Audit committee until February 4, 2020. All members of the committee are independent non- executive directors. The board considers that:

- for UK purposes, the committee chair, as a chartered accountant, has recent and relevant financial experience by virtue of previous executive and current non-executive responsibilities (details of which can be found in his biography) and that the audit committee as a whole has competence relative to the sector in which the Company operates; and
- for US purposes, each of the Audit committee members is independent under the SEC and NYSE definitions of that term; that the committee chair is an Audit committee financial expert, an independent of management, and has accounting or related financial management expertise; and that all of the Audit committee members are financially literate.

Executive directors and senior executives (most often the Director of Finance, Director of Group Finance, the joint Heads of Tax, Head of Treasury, Head of Investor Relations and the Group Company Secretary and Head of Assurance) attend meetings by invitation as required, but do not do so as of right. Representatives of KPMG LLP (external auditor), PricewaterhouseCoopers LLP (internal auditor) and Deloitte LLP (external tax advisors) also attend the committee meetings and meet privately with committee members, in the absence of executive management, prior to each committee meeting.

The committee normally meets at least four times during each financial year and more frequently as required.

Role and responsibilities of the committee

The committee's principal responsibilities are to:

- monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them. The committee also reviews the Group's Annual Report and Accounts and Interim Report prior to submission to the full board for approval;
- monitor the Group's accounting policies and review the Company's internal financial controls and financial reporting procedures and, on behalf of the board, the Company's internal control and risk management systems;
- monitor the adequacy and effectiveness of the Company's internal controls and internal financial controls, risk management systems and insurance arrangements;
- ensure that a robust assessment of the principal and emerging risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity and reputation is undertaken at least once a year;
- monitor and review the effectiveness of the Company's internal audit function, including agreeing and approving the annual internal audit plan;
- make recommendations to the board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- oversee the relationship with the external auditors and review and monitor their independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK and US professional and regulatory requirements;
- develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- provide a forum through which the Group's external and internal auditors and external tax advisors report to the board; and
- report to the board on how it has discharged its responsibilities.

The committee's terms of reference are published on the Company's website, <https://www.microfocus.com/en-us/governance-policies/committees-of-the-board>

Item 6. D. Employees.

The average monthly number of people employed by the Group (including executive directors for the 12-months ended October 31, 2020, the 12-months ended October 31, 2019 and 18-months ended October 31, 2018 was as follows:

	12 months ended October 31, 2020 Number	12 months ended October 31, 2019 Number	18 months ended October 31, 2018 Number
Average monthly number of people (including executive directors) employed by the Group:			
Continuing Operations			
Sales and distribution	5,066	5,413	5,860
Research and development	5,091	5,056	4,323
General and administration	1,937	1,991	1,378
	12,094	12,460	11,561
Discontinued Operation			
Sales and distribution	-	164	515
Research and development	-	170	629
General and administration	-	3	8
	-	337	1,152
Total			
Sales and distribution	5,066	5,577	6,375
Research and development	5,091	5,226	4,952
General and administration	1,937	1,994	1,386
	12,094	12,797	12,713

Item 6. E. Share ownership.
Directors' shareholdings and share interests as at October 31, 2020

Director	Shares held (owned outright)¹
Stephen Murdoch	280,669
Brian McArthur-Muscroft	-
Greg Lock (from February 14, 2020)	535,000
Karen Slatford	14,687
Richard Atkins	13,862
Amanda Brown	3,841
Lawton Fitt	-
Robert Youngjohns (from April 16, 2020)	-
Sander van 't Noordende (from June 2, 2020)	45,000
Silke Scheiber (until February 4, 2020)	-

¹Shares held (owned outright), includes any Micro Focus securities of which the director, their spouse, civil partner or dependent child has beneficial ownership. Each represents less than one per cent of the outstanding shares.

All other persons listed in Item 6.B. each beneficially owns less than one per cent of the securities issued and, as their share ownerships have not previously been made public, these are not disclosed.

There were no other changes to the above interests between November 1, 2020 and February 23, 2020.

The directors remain committed to the principle of employee share ownership throughout the company. Employees globally are able to participate in one of the Group's all-employee share plans (a Sharesave plan and an Employee Stock Purchase Plan), which are intended to encourage employee share ownership and involvement in the Company's performance. For more senior employees who are better placed to contribute to the development and performance of the Group, the Group operates a discretionary long-term incentive plan (LTIP). Details of all the Group's share-based plans, whether operating on an all-employee or discretionary basis, are given in note 29 "Employee and directors" of the Consolidated financial statements in Item 18.

Item 7. Major Shareholders and Related Party Transactions
Item 7. A. 1. Major shareholders.

At February 12, 2021, being the most recent practicable date, the following percentage interests in the ordinary share capital of the Company:

	As at February 12, 2021 ¹		As at January 27, 2020		As at February 20, 2019	
	Ordinary shares of 10 pence each	Percentage of issued share capital %	Ordinary shares of 10 pence each	Percentage of issued share capital %	Ordinary shares of 10 pence each	Percentage of issued share capital %
Dodge & Cox	57,130,923	17.01%	59,948,603	17.98%	63,751,164	15.01%
BlackRock Inc.	26,546,176	7.93%	25,467,989	7.64%	24,999,040	6.02%
M&G Plc	16,912,423	5.05%	n/a	n/a	n/a	n/a
Causeway Capital Management LLC	16,322,007	4.88%	28,237,993	8.47%	22,050,026	5.05%
FMR LLC	n/a	n/a	n/a	n/a	29,062,788	7.00%

¹ Information reflects shareholdings and percentage of issued share capital at date of last filed SC 13G/A.

Item 7. A. 2. Shareholders information

As at February 12 2021, the proportion of Ordinary Shares represented by ADSs with a registered address in the United States was 25.99% of the total issued share capital of the Company. The proportion of Ordinary shares with a registered address in the United States was 0.03% of the total issued share capital of the Company. As at February 12 2021, there were 1,138 registered holders of Ordinary Shares, of which 24 were based in the USA and there were 40,762 record holders of the ADSs, of which 34,893 were based in the USA.

Item 7. B. Related party transactions.

This is set out in note 31 “Related party transactions” of the Consolidated financial statements in Item 18.

Item 7. C. Interests of experts and counsel.

Not applicable.

Item 8. Financial Information**Item 8. A. Consolidated Statements and Other Financial Information.**

The Consolidated financial statements filed as part of this Annual Report on Form 20-F are included in Item 18.

Item 8.A.7 Litigation, Proceedings and Investigations.

The Group is involved in various lawsuits, claims, investigations, and proceedings including those consisting of IP, commercial, employment, employee benefits, and environmental matters, which arise in the ordinary course of business. The Separation and Distribution Agreement, dated as of September 7, 2016, between Seattle SpinCo, Inc. and HPE (the “SDA”) includes provisions that allocate potential financial responsibility for litigation involving the parties, as well as provide for cross-indemnification of the parties against potential liabilities to one party arising out of potential liabilities allocated to the other party. In addition, as part of the SDA, HPE and Seattle have agreed to cooperate with each other in managing litigation that relates to both parties’ businesses. The Group records a liability when it believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. Litigation is inherently unpredictable. However, the Group believes it has valid defenses with respect to legal matters pending against it. Nevertheless, cash flows or results of operations could be significantly affected in any particular period by the resolution of one or more of these contingencies. The Group believes it has recorded adequate provisions for any such matters and, as of October 31, 2020, it was not reasonably possible that a material loss had been incurred in connection with such matters in excess of the amounts recognized in its financial statements.

Litigation, Proceedings and Investigations**Forsyth, et al. vs. HP Inc. and HPE:**

This purported class and collective action was filed on August 18, 2016 and a Fourth Amended (and operative) Complaint was filed on July 9, 2020, in the United States District Court for the Northern District of California, against HP Inc. and HPE alleging defendants violated the Federal Age Discrimination in Employment Act (“ADEA”), the California Fair Employment and Housing Act, California public policy and the California Business and Professions Code by terminating older workers and replacing them with younger workers. Plaintiffs seek to certify a nationwide collective action under the ADEA comprised of all individuals aged 40 and older who had their employment terminated by Hewlett-Packard Company (“HP Co.”) or HP Inc. pursuant to a work force reduction (“WFR”) plan on or after December 9, 2014 for individuals terminated in deferral states and on or after April 8, 2015 in non-deferral states. Plaintiffs also seek to certify a Rule 23 class under California law comprised of all persons 40 years of age or older employed by defendants in the state of California and terminated by HP Co. or HP Inc. pursuant to a WFR plan on or after August 18, 2012. Plaintiffs seek to certify a similar purported ADEA collective and Rule 23 California state law class against HPE, but the time period for that collective and class begin on November 1, 2015. Excluded from the putative collectives and classes are those who (a) signed a Waiver and General Release Agreement at termination, or (b) signed an Agreement to Arbitration Claims. On December 22, 2017, defendants filed a motion to stay the case pending arbitration proceedings of certain named and opt-in plaintiffs, which was granted on February 6, 2018.

Araiza vs. HP Inc. and HPE:

On December 29, 2015, former PPS (HP Inc.) employee Daniel Araiza filed a California class action against HP Inc. and HPE in Santa Clara County Superior Court. Plaintiff alleges failure to (a) compensate Field Technical Support Representatives with minimum and overtime wages for all hours worked, (b) failure to pay exempt and non-exempt employees all accrued vacation and/or floating holidays upon separation of employment, (c) to provide meal breaks, and (d) derivate claims for inaccurate wage statements, waiting time penalties, unfair business practices, and Private Attorneys General Act (“PAGA”) penalties. Plaintiff sought to certify three groups of California employees from December 29, 2011 to the present. The parties participated in settlement discussions and settled the lawsuit on March 19, 2019, subject to court approval. On July 30, 2020, the Court preliminarily approved the settlement and set the final approval hearing. The deadline to object to the settlement was October 19, 2020; no objections were filed. On January 27, 2021, the court issued its Final Approval Order and set the Compliance hearing for September 23, 2021. A provision is in place to cover Micro Focus’ share of the settlement.

Ross and Rogus vs HPE:

On November 8, 2018, a putative class action complaint was filed in the Superior Court of California, County of Santa Clara alleging that HPE pays its California-based female employees “systemically lower compensation” than HPE pays male employees performing substantially similar work. The complaint alleges various California state law claims, including California’s Equal Pay Act, Fair Employment and Housing Act, and Unfair Competition Law, and seeks certification of a California-only class of female employees employed in certain “Covered Positions.” The complaint seeks damages, statutory and civil penalties, attorneys’ fees and costs.

Wapp Tech Limited Partnership et al. v. Micro Focus International plc:

On July 2, 2018, Wapp Tech Limited Partnership and Wapp Tech Corp. (collectively, “Wapp”) sued Micro Focus International plc in the Eastern District of Texas, accusing it of infringing claims of three patents in connection with Micro Focus International plc’s purported manufacture and sale of certain products in the ADM product line, including LoadRunner and Performance Center. Wapp also sued HPE, Wells Fargo & Company, and Bank of America Corporation for their alleged use of the same accused products. On August 13, 2019, the Texas court dismissed Micro Focus International plc for lack of personal jurisdiction, but granted Wapp’s request to amend its complaint to name Micro Focus International plc subsidiaries Seattle SpinCo, Inc., EntIT Software LLC, EntCo Interactive (Israel) Ltd., EntCo Government Software LLC, and Micro Focus (US) Inc. (collectively, the “Subsidiary Defendants”) as defendants. On August 20, 2019, Wapp filed an amended (and operative) complaint in that case naming the Subsidiary Defendants as defendants. The Court stayed the cases against HPE, Bank of America, and Wells Fargo. On December 11, 2020, Micro Focus filed a motion for summary judgment, which the Court denied on January 14, 2021. On December 18, 2020, the case was mediated but did not settle. The Final Pretrial Conference is scheduled for February 2021, and the Micro Focus trial is set for March 1, 2021. Micro Focus’ defenses against liability include that the patent claims are not infringed, and that the patent claims are invalid. These infringement and invalidity claims will be contested on their merits at trial. Due to the Group’s assessment that the asserted patent claims are not infringed and/or are invalid, no provision is recorded for this matter.

Securities Litigation:

Micro Focus is involved in two lawsuits in which plaintiffs are seeking damages for alleged violations of the Securities Act of 1933 and the Exchange Act of 1934 based upon purportedly false and misleading statements or omissions in offering documents issued in connection with the HPE Software business merger and issuance of Micro Focus American Depository Shares (“ADS”) as merger consideration and based upon other purportedly false and misleading statements. Those matters are as follows:

- *In re Micro Focus International plc Securities Litigation* is a putative class action on behalf of holders of Micro Focus filed on March 28, 2018, in the Superior Court of California, County of San Mateo against Micro Focus International plc and certain current and former directors and officers, among others. Six additional purported holders of Micro Focus ADS filed putative class actions in the same court, and the court consolidated all cases. The lawsuit alleges violations of the Securities Act. The defendants filed a motion to dismiss based on the forum-selection clause in the Deposit Agreement, which is pending before the court.
- *In re Micro Focus International plc Securities Litigation* is another putative class action on behalf of holders of Micro Focus ADS filed on May 23, 2018 in the United States District Court for the Northern District of California against Micro Focus and certain current and former directors and officers, among others. On July 26, 2018, the court transferred the case to the United States District Court for the Southern District of New York. The lawsuit alleges violations of the Securities Act and of the Exchange Act. On September 30, 2019, the lead plaintiff filed a second amended complaint. On November 4, 2019, Micro Focus and other defendants filed a motion to dismiss the second amended complaint. On September 30, 2020, the court granted the motions dismiss and dismissed the second amended complaint in its entirety. The lead plaintiff has appealed from the dismissal, and the appeal remains pending.

Item 8.A.8 Policy on dividend distributions**Dividends**

In March 2020, given the increased macro-economic uncertainty as a result of the COVID-19 pandemic, as a precautionary measure, the directors withdrew their recommendation for the payment of a final dividend of 58.33 cents per share in respect of the 12-month period ended October 31, 2019. Similarly, no dividend was paid in respect of the six months to April 30, 2020. The decision to not pay these dividends has resulted in an increase in available liquidity compared to the payments that would otherwise have been made under the Group’s existing dividend policy. The Group has concluded it is now appropriate to re-instate the Group’s dividend.

In terms of dividend policy, the Group initially aims to pay a dividend which is approximately 5x covered by the Adjusted earning of the Group in each financial period (defined as profit after tax excluding the effects of share-based compensation, amortization of purchased intangible assets and exceptional items including gain on disposal of discontinued operation). The Group’s aim is then to increase the percentage of profits distributed to shareholders as the Group executes its strategy of stabilizing the business.

The directors announced a final dividend of 15.50 cents per share on February 9, 2021. The total dividend per share in the 12-month period was 15.50 cents.

The dividend will be paid in Sterling equivalent to 11.31 pence per share, based on an exchange rate of £1 = 1.37 being the rate applicable on February 9, 2021, the date on which the board resolved to propose the dividend. The dividend will be paid on April 15, 2021 to shareholders on the register at March 12, 2021.

This total dividend is 15.50 cents per share, which is a decline of 73.4% on the 12-months ended October 31, 2019 of 58.33 cents per share.

For further information on dividends please refer to note 8 “Dividends” of the Consolidated financial statements in Item 18.

Item 8. B. Significant Changes.

There has been no significant change to our financial conditions or results of operations since October 31, 2020.

See “Item 8.A.7. Information on the Company — Legal Proceedings” for information with respect to legal proceedings to which we may be subject from time to time.

Item 9. The Offer and Listing.

Item 9. A. Offer and listing details.

The principal trading market for our ordinary shares is the London Stock Exchange. Our ordinary shares also trade in the United States in the form of ADSs evidenced by American Depositary Receipts (“ADR”) under a sponsored ADR facility with Deutsche Bank, as depositary. We established this facility in March 2017. Each ADS represents one ordinary share.

Ordinary shares are traded on the London Stock Exchange under the symbol “”MCRO.L”. The ADSs trade on the New York Stock Exchange under the symbol “MFGP”.

Item 9. B. Plan of distribution.

Not applicable

Item 9. C. Markets.

Micro Focus International plc is listed on the London Stock Exchange. The Company’s American Depositary Shares (the “ADSs”) are listed on the New York Stock Exchange.

Item 9. D. Selling shareholders.

Not applicable.

Item 9. E. Dilution.

Not applicable.

Item 9. F. Expenses of the issue.

Not applicable.

Item 10. Additional Information.

Item 10. A. Share capital.

Not applicable.

Item 10. B. Memorandum and articles of association.

The Articles of association were included in Item 10 B. in the Annual Report on Form 20-F for the year ended October 31, 2019 on pages 107 to 110. There were no changes in the year to October 31, 2020.

Item 10. C. Material contracts.

SUSE Disposal

Refer to Item 10 C. in the Annual Report on Form 20-F for the year ended October 31, 2019 on page 111.

Bank borrowings

Changes in the year ended October 31, 2019

Refer to Item 10 C. in the Annual Report on Form 20-F for the year ended October 31, 2019 on page 111.

Changes in the year ended October 31, 2020

On May 29, 2020, the Group announced that it had successfully priced and allocated a €600.0 million and a \$650 million senior secured term loan. The new five-year facilities, along with \$143.0 million of existing cash reserves, were used by the Group to fully refinance its existing senior secured term loan B due November 2021 and pay associated fees and expenses.

On September 3, 2020, the Group announced that it had successfully extended its revolving credit facility and reduced the size from \$500.0 million to \$350.0 million. The Group also confirmed that it had repaid the \$175.0 million previously drawn during the year as a precautionary measure in response to the COVID-19 outbreak, resulting in a balance outstanding of \$nil. These actions resulted in a reduction in the Group's gross debt and the borrowing costs associated with the revolving credit facility.

Following these refinancing activities, the Group's earliest debt maturity is in June 2024.

Please refer to Exhibit 4.1 "Credit Agreement, among Micro Focus International plc, Micro Focus Group Limited, MA FinanceCo., LLC, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent."

Item 10. D. Exchange controls.

There are currently no UK foreign exchange controls or restrictions on remittance of dividends on the ordinary shares or on the conduct of the Company's operations, other than restrictions applicable to 'certain countries and persons subject to sanctions pursuant to the UK Sanctions and Anti-Money Laundering Act 2018 or those sanctions adopted by the UK Government which implement resolutions of the Security Council of the United Nations.

Item 10. E. Taxation.

The following discussion summarizes certain material US federal income tax consequences and UK taxation consequences to US holders (as defined below) of owning and disposing of Micro Focus ordinary shares or ADSs. This discussion does not address any tax consequences arising under the laws of any state, local or non-US or non-UK jurisdiction, or under any US federal or UK laws other than those pertaining to income taxation.

Material US Federal Income Tax Consequences of Owning and Disposing of Micro Focus Ordinary Shares or ADSs

The following discussion summarizes certain material US federal income tax consequences to US holders (as defined below) of owning and disposing of Micro Focus ordinary shares or ADSs. This discussion is based upon the US Internal Revenue Code of 1986, as amended (the “US Tax Code”), the Treasury regulations promulgated under the US Tax Code and judicial and administrative rulings and decisions, all as in effect on the date hereof. These laws are subject to differing interpretations and may change, possibly retroactively, and any change could affect the accuracy of the statements and conclusions set forth in this discussion. No ruling has been sought from the US Internal Revenue Service (“IRS”) with respect to any US federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position.

This discussion does not constitute tax advice or an opinion, is for general information only and does not purport to consider all aspects of US federal income taxation that might be relevant to US holders in light of their personal investment or tax circumstances. This discussion does not apply to US holders who acquired ordinary shares or ADSs pursuant to the exercise of options or warrants or otherwise as compensation, or to US holders subject to special tax rules, including, without limitation, banks, insurance companies, tax-exempt entities, financial institutions, regulated investment companies, partnerships, S-corporations or other pass-through entities, broker-dealers, persons holding ordinary shares or ADSs as part of a hedging, conversion, or constructive sale transaction or as part of a “straddle,” US expatriates, persons subject to the alternative minimum tax, persons holding 10 per cent. or more of the voting power or value of Micro Focus’s stock, persons subject to “mark to market” accounting, persons holding ordinary shares or ADSs through a non-US account or financial institution and entities subject to the anti-inversion rules of Section 7874 of the US Tax Code. This discussion does not discuss US tax consequences to any person that is not a US holder or to any US holder having a functional currency other than the US dollar. Furthermore, this discussion does not discuss the so-called Medicare tax on net investment income, any US federal estate or gift tax laws or tax consequences under the laws of any state, local or non-US jurisdiction. Each holder of Micro Focus ordinary shares or ADSs is urged to consult its own tax advisor regarding the US federal, state, local and non-US income and other tax considerations of an investment in Micro Focus ordinary shares or ADSs.

As used in this discussion, a “US holder” means a beneficial owner of ordinary shares or ADSs that holds such ordinary shares or ADSs as capital assets within the meaning of the US Tax Code (generally, property held for investment) and is for US federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation organized under the laws of the United States, any State thereof or the District of Columbia, (iii) a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more US persons have authority to control all substantial decisions of the trust or (b) a valid election is in place to treat such trust as a domestic trust, or (iv) an estate the income of which is subject to US federal income taxation regardless of its source.

In the case of a beneficial owner of ordinary shares or ADSs that is classified as a partnership for US federal income tax purposes, the tax treatment to a partner in the partnership generally will depend upon the tax status of the partner and the activities of the partner and the partnership. Partnerships and partners of partnerships holding Micro Focus ordinary shares and ADSs are urged to consult their independent professional tax advisors regarding an investment in such ordinary shares and ADSs.

The Company believes, and this discussion assumes, that it is not a passive foreign investment company (a “PFIC”) for US federal income tax purposes, although the inquiry is fact specific and no assurance is being given in that regard. A non-US corporation generally will be considered a PFIC for any taxable year in which (i) 75 per cent. or more of its gross income is passive income (e.g., certain dividends, interest, rents and royalties, and gain from the sale of property producing such income), or (ii) 50 per cent. or more of the average value of its assets are considered “passive assets” (generally, assets that generate passive income). For this purpose, the Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other non-U.S. corporation in which it owns, directly or indirectly, stock representing more than 25% (by value) of all of the stock of such corporation. The Company’s possible status as a PFIC is based on an annual determinations that cannot be made until the close of a taxable year, involves extensive factual investigation, including ascertaining the fair market value of all of the Company’s assets on a periodic basis and the character of each item of income that the Company earns, and is subject to uncertainty in several respects. Therefore, the Company cannot assure US holders that it will not be treated as a PFIC for its current taxable year or for any future taxable year or that the IRS will not take a contrary position. If the Company were to be classified as a PFIC for any year during which a US holder held its ordinary shares or ADSs, the Company generally would continue to be treated as a PFIC for all succeeding years during which such US holder held ordinary shares or ADSs. In addition, special, possibly materially adverse, consequences would result for US holders and certain reporting requirements might apply to US holders. US holders should consult their own independent professional tax advisers regarding the potential application of the PFIC rules to their ownership and disposition of ordinary shares or ADSs.

Ownership of ADSs in General

For US federal income tax purposes, a US holder of Micro Focus ADSs generally will be treated as the owner of the Micro Focus ordinary shares represented by the ADSs.

The US Treasury Department has expressed concern that depositaries for American Depositary Shares, or other intermediaries between the holders of shares of an issuer and the issuer, may be taking actions that are inconsistent with the claiming of US foreign tax credits by US holders of those receipts or shares. Accordingly, the analysis regarding the availability of a US foreign tax credit for UK taxes and sourcing rules described below could be affected by future actions that may be taken by the US Treasury Department.

Dividends Paid on Ordinary Shares or ADSs

The gross amount of any cash distribution (including the amount of any tax withheld, as discussed below) paid to a US holder by Micro Focus out of its current or accumulated earnings and profits (as determined for US federal income tax purposes) is subject to US federal income taxation as a dividend. For certain non-corporate US holders, including individuals, dividends that constitute “qualified dividend income” will be taxable to such US holder at the preferential rates applicable to long-term capital gains, provided that the US holder holds the ordinary shares or ADSs on which the dividends are paid for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meets other holding period requirements. Dividends Micro Focus pays with respect to its ordinary shares or ADSs generally will be qualified dividend income if Micro Focus is eligible for benefits of the United States income tax treaty with the United Kingdom. Although Micro Focus believes that it is currently eligible for such treaty benefits, there can be no assurance that this will be the case for any taxable year or that such position would not be challenged by the IRS or sustained by a court. Dividends received by a corporate US holder generally will not be eligible for the dividends-received deduction that is allowed to US corporations in respect of dividends received from other US corporations. However, a corporate US holder that owns 10 per cent or more of Micro Focus’s stock may, in certain circumstances, be entitled to a deduction in respect of a dividend received from Micro Focus pursuant to Section 245A of the US Tax Code.

A dividend is taxable to a US holder when the US holder receives the dividend, actually or constructively. The amount of the dividend that a US holder must include in its income will be the US dollar value of the payments made (including any withholding tax imposed thereon), determined at the spot Sterling/US dollar rate on the date the dividend is includible in the US holder’s income, regardless of whether the payment is in fact converted into US dollars at such time. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date a US holder includes the dividend payment in income to the date a US holder converts the payment into US dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. Such foreign exchange gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

The portion of any cash distribution received by a US holder that is in excess of Micro Focus’s current and accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a non-taxable return of capital to the extent of the US holder’s basis in the ordinary shares or ADSs on which such payment is received, and thereafter as capital gain. However, Micro Focus does not expect to calculate its earnings and profits in accordance with US federal income tax principles. Accordingly, a US holder should expect to generally treat cash distributions paid by Micro Focus as taxable dividends for US federal income tax purposes.

A US holder must include any foreign tax withheld from a cash distribution on its ordinary shares or ADSs in the gross amount included in income, even though the US holder does not in fact receive such withheld amount. Subject to certain limitations, UK tax withheld, if any, in accordance with the United Kingdom-United States Income Tax Convention (1975), as amended (the “Treaty”), and paid over to the United Kingdom will be deductible or creditable against a US holder’s US federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a refund of the tax withheld is available to a US holder under UK law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against a US holder’s US federal income tax liability.

Dividends paid by Micro Focus on its ordinary shares or ADSs generally will be income from sources outside the United States and will, depending on a US holder’s circumstances, be either “passive” or “general” income for purposes of computing the foreign tax credit allowable to the US holder. The rules governing the foreign tax credit are complex and involve the application of rules that depend upon a US holder’s particular circumstances. Accordingly, US holders are urged to consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Disposition of Ordinary Shares or ADSs

If a US holder sells or otherwise disposes of its ordinary shares or ADSs in a taxable sale or other disposition, such US holder will generally recognize capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount that the US holder realizes in such disposition and the US holder's tax basis, determined in US dollars, in the US holder's Micro Focus ordinary shares or ADSs. Capital gain of certain non-corporate US holders, including individuals, is generally taxed at preferential rates where the property disposed of is held for more than one year. Gain or loss recognized by a US holder on the sale or other disposition of ordinary shares or ADSs will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of a capital loss may be subject to limitations under the US Tax Code.

Information with Respect to Foreign Financial Assets

US holders that are owners of "specified foreign financial assets" with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns and may be subject to penalties if they fail to file such information report. "Specified foreign financial assets" include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts that have non-U.S. issuers or counterparties, and (iii) interests in foreign entities. US holders are urged to consult their own tax advisors regarding the application of this reporting requirement to their ownership of ordinary shares or ADSs.

Backup Withholding and Information Reporting

In general, dividend payments with respect to ordinary shares and ADSs and proceeds from the sale or other disposition of ordinary shares or ADSs made (or deemed made) within the United States may be subject to information reporting to the IRS and US backup withholding currently at a rate of 24 per cent. Backup withholding will generally not apply to a US holder who:

- Furnishes a correct taxpayer identification number and certifies, under penalties of perjury, that such US holder is not subject to backup withholding on an IRS Form W-9, and otherwise complies with applicable requirements of the backup withholding rules; or
- Is a corporation or otherwise exempt from backup withholding and, when required, demonstrates this fact in accordance with applicable Treasury regulations.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be allowed as a credit against a holder's US federal income tax liability and may entitle the holder to a refund, provided the holder timely furnishes the required information to the IRS.

US holders should consult their own independent professional tax adviser regarding the application of the information reporting and backup withholding rules.

Credits or deductions for UK taxes

As indicated under 'Material UK Tax Consequences' below, distributions in respect of, and gains on the disposition of, ordinary shares or ADSs, may be subject to UK taxation in certain circumstances. A US holder may be eligible to claim a credit or deduction in respect of UK taxes attributable to such income or gain for purposes of computing the US holder's US federal income tax liability, subject to certain limitations. The US foreign tax credit rules are complex, and US holders should consult their own tax advisors regarding the availability of US foreign tax credits and the application of the US foreign tax credit rules to their particular situation.

The summary set forth above is included for general information only. US holders are urged to consult their own tax advisors to determine the particular tax consequences to them of the ownership and disposition of ordinary shares and ADSs, including the applicability and effect of U.S. state, local and non-U.S. tax laws.

Material UK Tax Consequences of Owning and Disposing of Micro Focus Ordinary Shares or ADSs

The following paragraphs set out below summarize material aspects of the UK tax treatment of US holders of ordinary shares or ADSs and do not purport to be either a complete analysis of all tax considerations relating to holding ordinary shares or ADSs or an analysis of the tax position of Micro Focus. They are based on current UK legislation and what is understood to be current HM Revenue & Customs practice, both of which are subject to change, possibly with retrospective effect.

The comments are intended as a general guide and (otherwise than where expressly stated to the contrary) apply only to US holders of ordinary shares or ADSs (other than under a personal equity plan or individual savings account) and who are the absolute beneficial owners of such shares.

These comments do not deal with certain types of shareholders such as charities, dealers in securities, persons holding or acquiring shares in the course of a trade, persons who have or could be treated for tax purposes as having acquired their ordinary shares or ADSs by reason of their employment, collective investment schemes, persons subject to UK tax on the remittance basis and insurance companies. You are encouraged to consult an appropriate independent professional tax advisor with respect to your tax position.

Tax on chargeable gains as a result of disposals of ordinary shares or ADSs

Subject to the below, US holders will not generally be subject to UK tax on chargeable gains on a disposal of ordinary shares or ADSs provided that they do not carry on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment in connection with which the ordinary shares or ADSs are held.

A US holder who is an individual, who has ceased to be resident for tax purposes in the United Kingdom for a period of less than five years and who disposes of ordinary shares or ADSs during that period may be liable for UK tax on capital gains (in the absence of any available exemptions or reliefs). If applicable, the tax charge will arise in the tax year that the individual returns to the United Kingdom.

Tax on dividends

Micro Focus is not required to withhold UK tax at source from dividends paid on ordinary shares or ADSs.

US holders will not generally be subject to UK tax on dividends received from Micro Focus provided that they do not carry on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment in connection with which the ordinary shares or ADSs are held.

Stamp duty and stamp duty reserve tax, referred to as SDRT

Based on current published HM Revenue & Customs practice and recent case law, transfers of ADSs should not be subject to SDRT or stamp duty provided that any instrument of transfer is executed and remains outside the UK and the transfer of an underlying ordinary share to the ADS holder in exchange for the cancellation of an ADS should also not give rise to a stamp duty or SDRT charge.

Transfers of ordinary shares outside of the depositary bank, including the repurchase of ordinary shares by Micro Focus, will generally be subject to stamp duty or SDRT at the rate of 0.5% of the amount or value of the consideration given, except as described above in connection with the cancellation of an ADS. If ordinary shares are redeposited into a clearance service or depositary system, the redeposit will attract stamp duty or SDRT at the higher rate of 1.5%.

The purchaser or the transferee of the ordinary shares or ADSs will generally be responsible for paying any stamp duty or SDRT payable. Where stamp duty or SDRT is payable, it is payable regardless of the residence position of the purchaser.

Inheritance tax

A gift or settlement of ordinary shares or ADSs by, or on the death of, an individual shareholder may give rise to a liability to UK inheritance tax even if the shareholder is not a resident of or domiciled in the United Kingdom.

A charge to inheritance tax may arise in certain circumstances where ordinary shares or ADSs are held by close companies and trustees of settlements.

However, pursuant to the Estate and Gift Tax Treaty 1980, referred to as the Treaty, entered into between the United Kingdom and the United States, a gift or settlement of ordinary shares or ADSs by shareholders who are domiciled in the United States for the purposes of the Treaty may be exempt from any liability to UK inheritance tax.

Item 10. F. Dividends and paying agents.

Not applicable.

Item 10. G. Statement by experts.

Not applicable.

Item 10. H. Documents on display.

Copies of our Memorandum and Articles of Association are filed as exhibits to this Annual Report on Form 20-F and certain other documents referred to in this Annual Report on Form 20-F are available for inspection at our registered office at The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN, United Kingdom (c/o the Company Secretary) during usual business hours upon reasonable prior request.

Item 10. I. Subsidiary Information.

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

The following discussion and analysis contains forward-looking statements. See “Risk Factors” in Item 3D and “Cautionary Statement on Forward-Looking Statements” in this Annual Report on Form 20-F for a discussion of the uncertainties, risks and assumptions associated with these statements.

Financial risk factors

The Group’s treasury function aims to reduce exposures to interest rate, foreign exchange and other financial risks, to ensure liquidity is available as and when required, and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments so the analysis in this section can be categorized as non-trading. The treasury function’s policies and procedures are reviewed and monitored by the Audit Committee and are subject to internal audit review.

The Group’s multi-national operations expose it to a variety of financial risks that include the effects of changes in credit risk, foreign currency risk, interest rate risk and liquidity/capital risk. Treasury risk management is carried out by a central treasury department under policies approved by the board of directors.

Group treasury identifies and evaluates financial risks alongside business management. The board provides written principles for risk management together with specific policies covering areas such as foreign currency risk, interest rate risk, credit risk and liquidity risk, the use of derivative and non-derivative financial instruments as appropriate, and investment of excess funds.

Financial Instruments sensitive to market risk

The carrying values and fair values for the borrowings and derivative financial instruments are included within the overall financial instruments table. Further information on borrowings showing the maturity profile of the anticipated cash flows in relation to the Group’s borrowing including principal repayments and interest payments can be found in section 5.B.1 along with the contracted interest rates and drawn/undrawn facilities.

Derivative and non-derivative financial instruments used for hedging purposes are further discussed below.

Financial Instruments

The tables below sets out the measurement categories and carrying values of financial assets and liabilities with fair value inputs where relevant.

	Measurement category	Carrying value October 31, 2020 \$m	Fair value 2020	Fair value Hierarchy 2020/2019	Carrying value October 31, 2019 \$m
Financial assets:					
Non-current					
Long-term pension asset	FV OCI	18.2	Fair value insurance based input	Level 3	17.1
Current					
Cash and cash equivalent	Amortised cost	737.2	-	-	355.7
Trade and other receivables	Amortised cost	648.6	-	-	922.7
Contract assets	Amortised cost	33.7	-	-	56.3
		1,437.7			1,351.8
Financial liabilities:					
Non-current					
Derivative financial instruments – interest rate swaps ¹	FV OCI	77.9	Fair value Bank Institutions	Level 2	36.5
Borrowings (gross) ²	Amortised cost	4,699.0	4,535.1	-	4,775.0
Lease obligations	Amortised cost	82.2	-	-	11.7
Provisions	Amortised cost	22.5	-	-	49.1
Current					
Borrowings (gross) ²	Amortised cost	34.2	-	-	-
Lease obligations	Amortised cost	168.2	-	-	11.8
Provisions	Amortised cost	49.7	-	-	29.3
Trade and other payables – accruals	Amortised cost	419.2	-	-	530.3
		5,552.9			5,443.7

¹ Derivative interest rate swaps are measured at FV OCI as a result of hedge accounting. All interest rate swaps are in designated hedge relationships and there are no other derivative financial instruments held as FVTPL.

² Borrowings have a carrying value (net of unamortised prepaid facility arrangement fees and original issue discount) of \$4,640.4 million (2019: \$4,670.7 million). Total borrowings (gross) are shown in this table as \$4,733.2 million (2019: \$4,775.0 million) for the fair value comparison.

For trade and other receivables, cash and cash equivalents, provisions, trade and other payables, fair values approximate to book values due to the short maturity periods of these financial instruments. For trade receivables, allowances are made for credit risk.

Long-term borrowings with a carrying value of \$4,640.3 million (2019: \$4,670.7 million) (note 18 “Borrowings of the Consolidated financial statements in Item 18) including unamortised prepaid facility fees and discounts, have a fair value estimate of \$4,535.1 million (2019: \$4,686.0 million) based on trading prices obtained from external banking providers as at 31 October 2020.

Derivative financial instruments measured at fair value are classified as Level 2 in the fair value measurement hierarchy as they have been determined using significant inputs based on observable market data. The fair values of interest rate derivatives are derived from forward interest rates based on yield curves observable at the balance sheet date together with the contractual interest rates. Valuations are updated by the counter-party banks on a monthly basis.

This section will cover the primary market risk exposures regarding interest rates and foreign currencies. The Group’s principal exposures in relation to market risks are the changes in the exchange rates between the US Dollar and transactions made in other currencies as well as changes in interest rates from US and Euro capital markets.

Interest rate risk

The Group’s income and cash generated from operations are substantially independent of changes in market interest rates. The Group’s interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group currently uses four interest rate swaps to manage its cash flow interest rate risk arising from potential increases in the LIBOR interest rate.

The objective of the Group's interest rate risk management policy is to manage the uncertainty and adverse impact on the Group's net interest charge due to changes in interest rates to an acceptable level. In doing so, the Group seeks to minimize the cost of hedging and the level of associated counterparty risk.

The Group has set a target of approximately half its borrowings being subject to fixed interest rates in order to minimize its exposure to changes in interest rates. This is achieved through four USD interest swaps for a total notional value of \$2.25 billion, with a maturity date of September 2022. The hedge accounting is discussed further later in the note.

The Group's borrowing facilities do not contain any covenants with respect to interest cover ratios.

	October 31, 2020	October 31, 2019
	\$m	\$m
Interest rate risk		
Interest rate swaps (receive variable, pay fixed)		
Fair value of Derivative liability (total of 4 swaps)	(77.9)	(36.5)
Notional amount (4 x \$562.5 million)	2,250.0	2,250.0
Maturity date	September 30, 2022	September 30, 2022
Change in fair value of outstanding hedging instruments (OCI hedging reserve excluding deferred tax)	(41.3)	(122.9)
Change in value of hedging instruments (as above adjusted for impact of credit risk)	(39.9)	(121.9)
Hedging ratio	1.1	1.1

The Group has four interest rate swaps, which are designated in a hedge relationship.

The Group's approved strategy in accordance with our risk management policies is to minimize the risk of cash flow fluctuations due to interest rate changes in relation to the 1M-USD LIBOR rate for up to half of the Group's external borrowings for the period October 19, 2017 to September 30, 2022.

The specific risk management objective is to hedge the interest rate risk (cash flow risk) due to changes in the 1M-USD LIBOR rate charged on \$2,250.0 million of the debt issued by Seattle Spin Co Inc. between October 19, 2017 and September 30, 2022.

Derivatives are only used for economic hedging purposes and not as speculative investments.

The swap contracts require settlement of net interest receivable or payable on a monthly basis. The fixed interest rate for each swap is 1.949% and the Group receives a variable rate in line with LIBOR. The Seattle loan is priced at LIBOR (with a 0% floor) plus a current margin of 2.75% with the swaps aimed at addressing the risk of a rising LIBOR element. As such, the total interest cost of the hedged element of the Seattle loan is 4.699%. For the year to October 31, 2020, net interest (finance cost) paid for the swaps amounted to \$23.7 million. For the life of the swap, net interest paid to date amounted to \$17.2 million.

Non-Derivative financial instruments – Designated Euro borrowings

	October 31, 2020	October 31, 2019
	\$m	\$m
Foreign exchange risk		
Notional amounts for Designated Euro borrowing		
Euro B-1 2020 tranche €600 million (Borrowings maturity date: June 2025)	665.8	-
Foreign exchange (loss) on revaluation transferred to OCI-CTA		
No sources of ineffectiveness observed in review	(34.5)	-
Euro 2017 tranche €453 million (Borrowings maturity date: June 2024)	528.5	-
Foreign exchange (loss) on revaluation transferred to OCI-CTA		
No sources of ineffectiveness observed in review	(24.2)	-
Hedge ratio for each of the 2 Net investment hedges	1.1	-

The Group has designated two tranches of non-derivative Euro borrowings in two hedge relationships. The borrowings in place have a designated initial carrying value of approx. €1.05 billion (note 18 "Borrowings" of the Consolidated financial statements in Item 18.) hedged against Euro designated net investments in foreign operations.

The specific risk management objective is to carry out a net investment hedge in the consolidated financial statements of the Group, to reduce the foreign currency translation exposure arising from the Group's investments in foreign entities with Euro functional currency through the use of Euro currency borrowings as hedging instruments as permitted by the Group's Treasury policy.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, UK Pound Sterling, Indian Rupee, Israeli Shekel, Japanese Yen and the Chinese Yuan. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations where the transactions are denominated in a currency that is not the entity's functional currency.

The Group is subject to exposure on the translation of the net assets of foreign currency subsidiaries into its reporting currency, US Dollar. The Group's primary balance sheet translation exposures are noted in the Exposure analysis below. These exposures are kept under regular review with the Group treasury function providing reporting to the Treasury Risk committee and the Audit committee.

Group borrowings are denominated in US Dollars and Euros. The Group seeks to match the currency profile of borrowings to the cash flows arising from the Groups operations used to service those borrowings. The May 2020 debt refinancing included an additional proportion of Euro debt and a reduction in US Dollar debt which is intended to better match the currency profile of the Group's debt with the cash flows used to service that debt (note 18 "Borrowings" of the Consolidated financial statements in Item 18.).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group faces currency exposures arising from the translation of profits earned in foreign currency subsidiaries into the Group's reporting currency of US Dollars. As at October 31, 2020 two net investment hedges totaling €1.05 billion have been designated using non-derivative Euro debt instruments to minimize the volatility in shareholder's equity arising from foreign currency translation (there were no net investment hedges as at October 31, 2019).

Exposures also arise from foreign currency denominated trading transactions undertaken by subsidiaries and exposures here are not hedged.

The Group's currency exposures comprise those that give rise to net currency gains and losses to be recognised in the Consolidated statement of comprehensive income as well as gains and losses on consolidation, which go to reserves. Such exposures reflect the monetary assets and liabilities of the Group that are not denominated in the operating or functional currency of the operating unit involved and the Group's investment in net assets in currencies other than US dollar.

The impact on the Consolidated statement of comprehensive income of foreign exchange losses in the 12-month period ended 31 October 2020 of \$29.7 million (2019: \$11.3 million loss). The foreign exchange loss in the 12-month period includes the loss of \$21.8 million due to the settlement of the foreign exchange contract regarding the cancelled dividend.

Exposure report analysis

The Group's principal exposures in relation to market risks are the changes in the exchange rates between the US dollar and transactions made in other currencies as well as changes in interest rates from US and Euro capital markets. Foreign exchange exposures for all re-measuring balances are tracked and reported to management

The key drivers for foreign exchange exposure are cash, borrowings and inter-company positions with trade receivables and trade payables having less relative aggregate exposure. The table below represents a key currency extract from the Group exposures to movements in currency presenting exposures in excess of \$10 million equivalent. The key exposure relates to the increased Euro debt profile since the May refinancing. The Indian Rupee and Israeli Shekel had key inter-company positions during the year.

Foreign exchange analysis is shown as for reporting to the Treasury Risk committee. Please note that aggregate Foreign exchange exposures for the Euro below do not consider the impact of the net investment hedges. However, the impact can be seen in the hedging table above.

	Group exposure	+/- 5%	+/- 10%
Key aggregate currency exposures*	\$m	\$m	\$m
Euro	(1,280.1)	64.0	128.0
Indian Rupee (INR)	(42.4)	2.1	4.2
Israeli Shekel (ILS)	(29.2)	1.4	2.9
Chinese Yuan (CNY)	(25.6)	1.3	2.6
Australian Dollar (AUD)	(15.7)	0.8	1.6
Japanese Yen (JPY)	55.1	2.8	5.5
Swedish Krona (SEK)	23.5	1.2	2.4
Swiss Franc (CHF)	18.9	0.9	1.9
Danish Krone (DKK)	17.1	0.9	1.7
Canadian Dollar (CAD)	15.9	0.8	1.6
Mexican Peso (MXN)	14.6	0.7	1.5
United Arab Emirates Dirham (AED)	13.7	0.7	1.4
Czech Koruna (CZK)	10.3	0.5	1.0

* Presenting aggregate foreign exchange exposures in excess of \$10 million equivalent.

Interest rate exposure

Borrowings exposures to variable interest rate changes (based on gross debt excluding the effects of hedging)	Group exposure	LIBOR, EURIBOS +1%
	\$m	\$m
Euro	1,228.7	12.3
US dollar	3,504.5	35.0
Total Gross Debt	4,733.2	47.3

Item 12. Description of Securities Other than Equity Securities.
Item 12. A. Debt Securities.

Not applicable

Item 12. B. Warrants and rights.

Not applicable

Item 12. C. Other Securities

Not applicable.

Item 12. D. American Depositary Shares.
Fees and charges payable by ADS holders

Deutsche Bank Trust Company Americas (Deutsche Bank) was appointed as the depositary bank (the Depositary) for Micro Focus's ADS program pursuant to the Deposit Agreement dated August 11, 2017 between Micro Focus, the Depositary and the owners and holders of ADSs (the Deposit Agreement).

The Deposit Agreement provides that ADS holders may be required to pay various fees to the Depositary, and the Depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid.

During the year, as a result of the Group's decision to withdraw the FY19 final dividend and not pay a FY20 interim dividend, the Depositary did not charge the fee related to distributions of cash dividends. In the place of this fee the Depositary has charged a fee for the operation and maintenance of administering the ADSs. It is expected that fees will continue to be charged for the operating and maintenance of ADS rather than on distribution of dividends even though it is the Group's policy to recommence dividends, see Item 8A. The total fees charged by the Depositary are unchanged at \$0.02 per ADS charged twice per year.

Service	Fees
Issuance of ADSs including issuance from a distribution of shares and distribution of ADSs pursuant to bonus distributions, stock splits or other distributions.	\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs).
Distribution of cash dividends. This fee is not currently charged.	\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs).
An annual fee for operation and maintenance of administering the ADSs.	\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs). The current per ADS fee to be charged for the operation and maintenance of administering pf the ADS is \$0.02 per ADS twice per year.
Transfer and registration of shares on share register to or from the name of the depositary or its agent when you deposit or withdraw shares	Registration or transfer fees

In addition, ADS holders may be required under the Deposit Agreement to pay the Depositary: (a) taxes (including applicable interest and penalties) and other governmental charges; (b) registration fees; (c) certain cable, telex and facsimile transmission and delivery expenses; (d) the expenses and charges incurred by the Depositary in the conversion of foreign currency; (e) such fees and expenses as are incurred by the Depositary in connection with compliance with applicable exchange control regulations and other regulatory requirements; and (f) the fees and expenses incurred by the Depositary, the custodian or any nominee in connection with the servicing or delivery of deposited securities. The Depositary may: (a) withhold dividends or other distributions or sell for the account of any ADS holder any or all of the shares underlying the ADSs in order to satisfy any tax or governmental charge; and (b) deduct from any cash distribution the applicable fees and charges of, and expenses incurred by, the Depositary and any taxes, duties or other governmental charges on account.

Fees and payments made by the Depositary to Micro Focus

Under the terms of the contractual arrangements set out in the separate agreement between Micro Focus and the Depositary referred to above, Micro Focus received a total of approximately US\$1.9 million from the Depositary, comprising fees charged in respect of the operation and maintenance of administering the ADSs during the year ended October 31, 2020.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

Not applicable.

Item 15. Controls and Procedures.**Item 15. A. Disclosure Controls and Procedures.**

Disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”)) are designed to provide reasonable assurance that the information required to be (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgement in evaluating the cost benefit relationship of possible controls and procedures.

Based on their most recent evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of October 31, 2020, the Company’s disclosure controls and procedures were not effective as a result of the material weakness in our internal control over financial reporting described below. Notwithstanding the material weakness described below, our management, including our Chief Executive Officer and Chief Financial Officer, believes that the audited consolidated financial statements contained in this Annual Report fairly present, in all material respects, our financial condition, results of operations and cash flows for the fiscal years presented in conformity with IFRS. In addition, the material weaknesses described below did not result in a misstatement to the financial statements.

Please see Exhibits 12.1 and 12.2 for the certifications required by this Item.

Item 15. B. Management’s annual report on internal control over financial reporting

As a foreign issuer with American Depositary Shares listed on the New York Stock Exchange (“NYSE”) the Group, as part of its disclosure and reporting obligations in the United States, is required to furnish this Annual Report by its management on its internal controls over financial reporting, including an attestation report issued by its independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (“SOX”) as at October 31, 2020.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting for the Group. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act. The Group’s internal controls over financial reporting include policies and procedures which:

- are designed to give reasonable assurance that the transactions are recorded as necessary to permit the preparation of financial statements in accordance with IFRS as adopted by the EU and IFRS as issued by the IASB, and that receipts and expenditures are being made only in accordance with authorization of management and the directors;
- relate to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposal of assets; and
- give reasonable assurance regarding the prevention or timely detection of unauthorized use, acquisition or disposal of the Group’s assets that could have a material impact on the financial statements.

Any internal control network will have inherent limitations, such that the possibility of human error and circumvention or overriding of controls and procedures may not prevent or detect misstatements. In addition, the projection of any controls to future periods are subject to the risk that controls may become inadequate due to changes in conditions or because the degree of compliance with policies and procedures may deteriorate.

Management assessed the effectiveness of internal controls over financial reporting as at October 31, 2020 based on the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013. Based on the assessment, management concluded that its internal control over financial reporting was not effective due to the following material weakness: the Company did not have adequate controls surrounding existing IT applications in particular regarding change management and access controls. As a result of those deficiencies, automated controls and controls over information produced by the entity related to those IT applications could not be relied upon. In aggregate, these control deficiencies impact all financial reporting processes and constitute a material weakness. This material weakness did not result in misstatement to the financial statements.

Our Consolidated financial statements have been audited by KPMG LLP, an independent registered public accounting firm, which has issued an attestation report on the Company’s internal control over financial reporting as at October 31, 2020 in this Annual Report on Form 20-F.

Item 15. C. Attestation report of the registered public accounting firm

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Micro Focus International plc.:

Opinion on Internal Control Over Financial Reporting

We have audited Micro Focus International plc and subsidiaries' (the Company) internal control over financial reporting as of October 31, 2020, based on *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission". In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of October 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Consolidated statements of financial position of the Company as of October 31, 2020 and 2019, the related Consolidated statements of comprehensive income, changes in equity, and cash flows for the twelve month periods ended October 31, 2020 and 2019, and the 18 month period ended October 31, 2018, and the related notes (collectively, the Consolidated financial statements), and our report dated February 22, 2021 expressed an unqualified opinion on those Consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness has been identified and included in management's assessment relating to deficient controls surrounding existing IT applications in particular regarding change management and access controls. As a result of those deficiencies, automated controls and controls over information produced by the entity related to those IT applications could not be relied upon. In aggregate, these deficiencies impact all financial reporting processes and constitute a material weakness. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the October 31, 2020 Consolidated financial statements, and this report does not affect our report on those Consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP
London, United Kingdom
February 22, 2021

Item 15.D. Changes in internal control over financial reporting.

In the period, following the first full year of SOX implementation in FY19, the Group continued to embed and refine the framework of SOX compliant internal controls under its central SOX Compliance Programme (“SCP”), together with a specialist team from its outsourced internal audit partner, PwC. Governance for the SCP included a cross-functional SOX steering group (“SSG”) chaired by the Group’s Chief Financial Officer reporting to the audit committee. In addition, the disclosure committee, also chaired by the Chief Financial Officer, continued to meet to assist the Chief Executive Officer and Chief Financial Officer in fulfilling their responsibilities in connection with the accuracy of financial reporting. The Group strengthened internal compliance by the appointment of a new SOX Assurance Director, increasing the internal compliance teams for Finance and IT, enhancing the Finance function Finance Processes and Compliance committee. The SCP continued to operate during a period of significant change across the organization as well as within the requirements of remote working under COVID-19 restrictions. Change activities include embedding the phased finance transformation program and the continuing work on preparation of the new IT stack including associated internal controls over financial reporting for launch in FY21, as set out in Item 5.D. Trend Information. As part of the governance, the SSG monitors potential adverse impacts of organizational change to the SCP.

The SCP included reviews of the end-to-end process mapping, walkthroughs, test of design and test of effectiveness across the Group’s main processes, Hire to Retire, Quote to Cash, Procurement to Pay and Record to Report, as well as IT general controls (“ITGC”), leading to the refinement of documented controls for each process. A global process owner owns each process and its associated controls. In the period, the Group has also reviewed its entity level controls and continued with the implementation of a SOX training plan across relevant parts of the Group. A key work stream of the SCP related to continuing to improve the adequacy of ITGCs. The challenges with the IT systems, including controls acquired with the HPE Software business, were disclosed in our Annual Report and Accounts for 2018 and 2019, and the 2018 and 2019 Form 20-F. Consequently, the business remained on its legacy IT systems, necessitating business process controls and ITGCs across both systems with the attendant complexity to the control environment. The work undertaken as part of the SCP identified a number of areas for improvement in the Group’s ITGCs. A remediation plan was agreed, which formed part of the SCP. Additionally, an in-house team was on boarded to Micro Focus to ensure continuity for future years. Work in this area was carried out under an IT SOX Compliance Group chaired by the Chief Information Security Officer (CISO) reporting to the main SSG.

In the Annual Report and Accounts 2019 and the 2019 Form 20-F the Group reported certain weaknesses in its internal control over financial reporting, which under Public Company Accounting Oversight Board auditing standards were considered to be a material weakness. The material weakness related to the fact that the Group did not have adequate controls surrounding existing IT applications, in particular regarding change management and access controls. As a result of those deficiencies, automated controls and controls over information produced by the entity could not be relied upon. During the year, under the SCP, management, where possible, put in place a number of actions to remediate these weaknesses and strengthen internal controls. The actions included, but were not limited to, implementing new controls both preventative and detective in nature, increasing the precision with which controls operate, ensuring clear ownership of every control, and implementing checks on the completeness and accuracy of reports that are relied upon as part of key control operations. Within the IT environment, and where technical limitations allowed, improvements included enhanced cross-functional change management controls and oversight board, clear definition of access control parameters and monitoring of IT applications, reviewing IT applications in scope and working with vendors on the timely provision of SOC1 reports. As a result of the work undertaken under the SCP, there was a significant reduction in the number of control deficiencies identified in the year, including the remediation of controls for a number of IT applications, evidencing the strengthening in internal control over financial reporting.

Remediation

The Group continues its work under the SCP to remediate the material weakness and other control deficiencies, and any other matters, which arise during its progress towards SOX compliance. As set out in Item 5.D. Trend Information the Group has a project underway to move to a simplified systems architecture enabling further automation of improved processes and controls. To maintain the required control environment the Group relies upon automated, semi-automated and manual controls together with a combination of preventative and detective controls. The material weakness, control deficiencies and other matters may not be able to be remediated by October 31, 2021, and there is a risk that other deficiencies for the purposes of SOX may be identified. Failure to correct the material weakness, or our failure to discover and address any other material weakness or control deficiencies, could result in inaccuracies in our financial statements, and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. It could also result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of the Group’s financial statements, and could have a material adverse effect on the Group’s business, financial condition, results of operation and prospects.

Item 16. A. Audit committee audit report expert

The Audit Committee includes Richard Atkins who, in the opinion of the Board, is an ‘audit committee financial expert’ and is independent (as defined for this purpose in 17 CFR 240.10A-3). The board considered that the Committee’s members have broad commercial knowledge and extensive business leadership experience, having held between them various roles in major business, financial management, and finance function supervision and that this constitutes a broad suitable mix of business and financial experience on the committee.

Item 16. B. Code of ethics

Micro Focus has adopted a code of ethics (the Micro Focus Code of Conduct) which applies to all employees including the Chief Executive Officer and Chief Financial Officer and other senior financial management. This code of ethics is available on our website (https://www.microfocus.com/media/guide/micro_focus_code_of_conduct_guide.pdf). The information on our website is not incorporated by reference into this report.

The Code of Ethics was included as Exhibit 11.1 MF Code of Conduct Guide in the Annual Report on the 20-F for the year ended October 31, 2019.

Item 16. C. Principal accountant fees and services

During the 12-months ended October 31, 2020, the 12-months ended October 31, 2019 and the 18-months ended October 31, 2018, the Group obtained the following services from the Group’s auditors as detailed below:

	12 months ended October 31, 2020	12 months ended October 31, 2019	18 months ended October 31, 2018
	\$m	\$m	\$m
Audit of Company	7.2	12.8	12.2
ICOFR	2.7	3.0	-
Audit of subsidiaries	2.9	3.9	1.9
Total audit	12.8	19.7	14.1
Audit-related assurance fees	0.6	0.6	0.9
Other assurance services	-	-	0.7
Total assurance services	0.6	0.6	1.6
Tax compliance services	-	-	0.2
Tax advisory services	-	0.1	0.2
Services relating to taxation	-	0.1	0.4
All non-audit services	-	-	0.1
Total	13.4	20.4	16.2

The fees represent fees paid to KPMG LLP, as the current auditor.

There were no other fees in the 12-months ended October 31, 2020 and the 12-months ended October 31, 2019. Other fees in the 18-months ended October 31, 2018 relate primarily to the auditor’s assurance work in relation to the SUSE divestiture and licence verification compliance work.

Independence and objectivity of the external auditors

The Audit Committee approves all non-audit work commissioned from the external auditors. The committee is responsible for safeguarding the independence and objectivity of the external auditors and has developed a robust policy designed to ensure that this is not compromised. As explained above, the committee manages the risks that the external auditors undertake inappropriate non-audit work, or earn material levels of fees for non-audit services. It also considers the standing and experience of the external audit partner and takes comfort from the fact that KPMG took office relatively recently and from the external auditors’ confirmation that they have complied with relevant UK and US independence standards.

The committee is satisfied that the independence and objectivity of the external auditors has been maintained throughout the year ended October 31, 2020 and to the date of this report.

Item 16. D. Exemptions from the listing standards for audit committees

Not applicable.

Item 16. E. Purchase of equity securities by the issuer and affiliated purchases

Not applicable.

Item 16. F. Change in Registrant’s certifying accountant

Not applicable.

Item 16. G. Corporate Governance

Principles

Micro Focus International plc (the “Company”) has a primary listing on the London Stock Exchange. As such, it is required to comply with the UK Corporate Governance Code (the “Code”). For the year ended October 31, 2020 this was the edition of the Code published by the UK’s Financial Reporting Council in July 2018.

The Company’s ADSs are listed on the NYSE. As a Foreign Private Issuer, we are required to comply with some, but not all, of the NYSE’s corporate governance rules, and are required to disclose any significant ways in which the UK corporate governance practices employed by the Company differ from those followed by US companies under the NYSE Listed Company Manual.

The directors are committed to ensuring that the Company operates in compliance with the main principles of the Code, as this provides a robust governance framework in support of the delivery of value to shareholders.

Compliance with the Code

UK listed companies are required to include in their Annual Report a narrative statement of (i) how they have applied the principles of the Code and (ii) whether or not they have complied with each of the provisions of the Code.

Throughout the year ended October 31, 2020 and to the date of this report, the Board considers that the Company has been in full compliance with the principles of the Code, and with each of its provisions, save for Provision 9 (being that the role of chair and chief executive should not be exercised by the same individual) and Provision 19 (being that the chair should not remain in post beyond nine years from the date of their first appointment to the board). Prior to the appointment of Greg Lock as non-executive Chairman on February 14, 2020, the Company was not compliant as a result of Kevin Loosemore holding the role of Executive Chairman and his service beyond nine years. The appointment of Greg Lock as an independent non-executive Chairman results in a clear division of responsibilities between the leadership of the Board and the executive leadership of the Company’s business in accordance with the Code.

For the period prior to Greg Lock’s appointment, in order to mitigate any potential concerns around the concentration of decision making power within the role of the Executive Chairman, the senior independent non-executive director, Karen Slatford, had separate and defined responsibilities, including leading the Board’s consideration of and deliberations on governance issues. In the year under review, this included overseeing the annual review of board effectiveness. The division of responsibilities were reviewed following the appointment of Greg Lock as Non-Executive Chairman and the roles of the Non-Executive Chairman, Chief Executive Office and Senior Independent Director were clearly defined, reviewed and approved by the Board.

Non-executive directors’ Independence

Each of the non-executive directors who served during the period November 1, 2019 to October 31, 2020, was considered by the Board to be independent. The non-executive Chairman was independent on appointment when assessed against the Provisions of the Code. Karen Slatford was appointed to the Board in July 2010 and has now served for more than nine years. The Board has specifically considered whether this was likely to affect, or could appear to affect, her independence and concluded that she continued to demonstrate independence in thought and judgement, noting that there were no other relationships or circumstances that could affect her independence. The independent non-executive directors comprise a majority of the Board. The Board also has formal procedures for managing conflicts of interest.

The non-executive directors meet together regularly without the presence of executive directors. In addition, the Senior Independent Director meets with the non-executive and executive directors at least once a year to review the performance of the Non-Executive Chairman and to consider whether to recommend his re-election, providing feedback directly to the Chairman.

Committees of the board of directors

The Company has three principal Board committees that are broadly comparable in purpose and composition to those required by NYSE rules for domestic US companies. For instance, the Company has a Nomination (rather than nominating/corporate governance) Committee and a Remuneration (rather than compensation) Committee. The Company also has an Audit Committee, which NYSE rules require for both US companies and foreign private issuers. All the committees are comprised of non-executive directors only and none of the functions of these committees has been delegated to another committee.

Each Board Committee has clearly defined terms of reference approved by the Board setting out their respective authority and duties. The terms of reference for each committee can be found on the Company's website at <https://www.microfocus.com/en-us/governance-policies/committees-of-the-board>

Under the US Securities Exchange Act of 1934 and the NYSE Listed Company Manual, the Company is required to have an audit committee that is comprised of at least three members from the independent non-executive directors of the Company's Board. Our Audit Committee complies, and during the year ended October 31, 2020 has complied, with these requirements. As stated in Item 16.A. above, the Board has determined that Richard Atkins possesses 'accounting or related financial management expertise', as required by section 303A.07 (a) of the NYSE Listed Company Manual. Richard Atkins also possesses the financial and audit committee experience set forth in the Code.

The Company's Audit Committee does not have direct responsibility for the appointment, reappointment or removal of the independent auditors. Instead, it follows the UK Companies Act 2006 by making recommendations to the Board on these matters for it to put forward for shareholder approval at the AGM.

Shareholder approval of equity compensation plans

Under NYSE listing rules, shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, except for employment inducement awards, certain grants, plans and amendments in the context of mergers and acquisitions, and certain specific types of plans. The Company complies with corresponding UK requirements in the Listing Rules, requiring the Company to seek shareholder approval for employee share schemes and significant changes to existing schemes, save in circumstances permitted by the Listing Rules (Listing Rule 9.4.1). The Board, however, does not explicitly take into consideration the NYSE's detailed definition of what are considered 'material revisions'.

Corporate Governance Guidelines

Section 303A.09 of the NYSE Listed Company Manual requires listed companies to adopt and disclose corporate governance guidelines. As noted above, in line with its obligations under the UK's Listing Rules the Company applies the UK Corporate Governance Code and, as required by the Listing Rules, the Annual Report contains an explanation of (i) how it has applied the principles of the Code, and (ii) whether it complies in full with the Code's provisions, or, where it does not, providing an explanation of any non-compliance and the reasons for this (LR 9.8.6).

In addition, the Company is required to make certain mandatory corporate governance statements in accordance with the UK Listing Authority's Disclosure Guidance and Transparency Rules, DTR 7, which are also included in the Annual Report.

Code of Business Conduct and Ethics

The Micro Focus Code of Conduct is available on the Company's website at www.microfocus.com.

Item 16. H. Mine Safe Disclosure

Not applicable.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

The financial statements filed as part of this Annual Report on Form 20-F are included in Item 18 on pages F-1 through F-105 hereof.

Item 19. Exhibits

The following exhibits are filed as part of this report:

2.1	Description of the rights of each class of securities registered under Section 12 of the Exchange Act
4.1	Credit Agreement amendments, among Micro Focus International plc, Micro Focus Group Limited, MA FinanceCo., LLC, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent.
12.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of Stephen Murdoch under Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of Brian McArthur-Muscroft under Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of KPMG LLP.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Signature

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and autho-rized the undersigned to sign this annual report on its behalf.

Micro Focus International plc

/s/ Stephen Murdoch

Stephen Murdoch

Chief Executive Officer

Date: February 22, 2021

Consolidated financial statements and notes

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Report of Independent Registered Public Accounting Firm**To the Stockholders and Board of Directors****Micro Focus International plc:****Opinion on the Consolidated Financial Statements**

We have audited the accompanying Consolidated statements of financial position of Micro Focus International plc. and subsidiaries (the Company) as of October 31, 2020 and 2019, the related Consolidated statements of comprehensive income, changes in equity, and cash flows for the twelve month periods ended October 31, 2020 and 2019 and the eighteen month period ended October 31, 2018, and the related notes (collectively, the Consolidated financial statements). In our opinion, the Consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2020 and 2019, and the results of its operations and its cash flows for the twelve month periods ended October 31, 2020 and 2019 and the eighteen month period ended October 31, 2018, in conformity with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of October 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 22, 2021 expressed an adverse opinion on the effectiveness of the Company’s internal control over financial reporting.

Change in Accounting Principle

As discussed in note I.W, the Company changed its method of accounting for leases as of November 1, 2019 due to the adoption of IFRS 16, Leases.

Basis for Opinion

These Consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the Consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the Consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the Consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of goodwill impairment analysis

As discussed in Note 10 to the Consolidated financial statements, the goodwill balance as of October 31, 2020 was \$3,835.4 million, which related to the Company’s single cash generating unit (“CGU”) and an impairment of \$2,799.2 million was recognized in the period. The Company performs goodwill impairment testing on an annual basis and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

We identified the evaluation of the goodwill impairment analysis as a critical audit matter. The estimated recoverable amount of the CGU uses forward-looking estimates that involved a high degree of subjective auditor judgement, in addition to specialized skills and knowledge to evaluate. Specifically, the key assumptions of the discount rate and annual revenue growth rate by product group in the initial five-year forecast (revenue growth rates) were challenging to test as reasonably possible changes to those assumptions had a significant effect on the Company’s assessment of the recoverable amount of the CGU and the impairment recognized in the period

The following are the primary procedures we performed to address this critical audit matter.

- We compared the Company’s historical revenue growth rates to actual results to assess the Company’s ability to accurately forecast future revenue growth.
- We evaluated the reasonableness of the Company’s forecasted revenue growth rates by comparing them to previous projections, relevant industry trends and current market indices.

- We involved valuation professionals with specialized skills and knowledge, who assisted in comparing the discount rate used in the valuation against a discount rate range that was independently developed using publicly available market data for comparable companies.

Identification of performance obligations in certain multi-element customer contracts containing licences

As discussed in Note 2 to the Consolidated financial statements, the Company's total licence revenue recognized in the year ended October 31, 2020 was \$646.5 million, a portion of which related to licence revenue from certain multi-element customer contracts. As discussed in Note II.C to the Consolidated financial statements, in such certain multi-element contracts, the Company makes significant judgements to identify each separate performance obligation in multi-element contracts (for example granting of licences, maintenance, SaaS & other recurring and consulting services) which may impact the timing of revenue recognition.

We determined the identification of performance obligations in certain multi-element customer contracts containing licences to be a critical audit matter. Subjective and complex auditor judgement was required to evaluate the Company's identification of each performance obligation within these contracts.

The following is the primary procedure we performed to address this critical audit matter. We selected certain multi-element customer contracts containing licences and performed an independent analysis of the performance obligations and compared our judgements and conclusions to those made by the Company.

/s/ KPMG LLP

We have served as the Company's auditor since 2017.

London, United Kingdom
February 22, 2021

Consolidated statement of comprehensive income
for the 12 months ended October 31, 2020

		Before exceptional items \$m	Exceptional items (note 4) \$m	Total \$m
Continuing operations	Note			
Revenue	1,2	3,001.0	-	3,001.0
Cost of sales		(698.7)	(4.0)	(702.7)
Gross profit		2,302.3	(4.0)	2,298.3
Selling and distribution expenses		(1,099.2)	(12.9)	(1,112.1)
Research and development expenses		(512.7)	(0.9)	(513.6)
Administrative expenses		(340.2)	(2,993.8)	(3,334.0)
Operating profit/(loss)		350.2	(3,011.6)	(2,661.4)
Finance costs	6	(281.6)	-	(281.6)
Finance income	6	2.6	-	2.6
Net finance costs	6	(279.0)	-	(279.0)
Profit/(Loss) before tax		71.2	(3,011.6)	(2,940.4)
Taxation	7	(72.9)	38.7	(34.2)
Loss from continuing operations		(1.7)	(2,972.9)	(2,974.6)
Profit/(loss) from discontinued operation (attributable to equity shareholders of the Company)	32	7.3	(2.2)	5.1
Profit/(loss) for the period		5.6	(2,975.1)	(2,969.5)
Attributable to:				
Equity shareholders of the Company		5.6	(2,975.1)	(2,969.5)
Non-controlling interests		-	-	-
Profit/(loss) for the period		5.6	(2,975.1)	(2,969.5)

The accompanying notes form part of the financial statements.

Consolidated statement of comprehensive income continued
for the 12 months ended October 31, 2020

	Note	Before exceptional items \$m	Exceptional items (note 4) \$m	Total \$m
Profit/(loss) for the period		5.6	(2,975.1)	(2,969.5)
Other comprehensive (expense)/income for the period:				
Items that will not be reclassified to profit or loss				
Continuing operations:				
Actuarial loss on pension schemes liabilities	22	(0.4)	-	(0.4)
Actuarial gain on non-plan pension assets	22	0.4	-	0.4
Deferred tax movement on pension schemes		(5.0)	-	(5.0)
Continuing operations: Items that may be subsequently reclassified to profit or loss				
Cash flow hedge movements	27	(41.3)	-	(41.3)
Deferred tax movement on cash flow hedge movements	27	7.8	-	7.8
Deferred tax movement on currency translation differences		(8.7)	-	(8.7)
Deferred tax movement on Euro loan foreign exchange hedging		11.1	-	11.1
Currency translation differences		(67.0)	-	(67.0)
Other comprehensive expense for the period		(103.1)	-	(103.1)
Total comprehensive expense for the period		(97.5)	(2,975.1)	(3,072.6)
Attributable to:				
Equity shareholders of the Company		(97.5)	(2,975.1)	(3,072.6)
Non-controlling interests		-	-	-
Total comprehensive expense for the period		(97.5)	(2,975.1)	(3,072.6)
Total comprehensive (expense)/income attributable to the equity shareholders of the Company arises from:				
Continuing operations		(104.8)	(2,972.9)	(3,077.7)
Discontinued operation		7.3	(2.2)	5.1
		(97.5)	(2,975.1)	(3,072.6)
Earnings per share (cents)				
From continuing and discontinued operations				cents
- basic and diluted	9			(884.63)
From continuing operations				
- basic and diluted	9			(886.15)
Earnings per share (pence)				
From continuing and discontinued operations				pence
- basic and diluted	9			(692.26)
From continuing operations				
- basic and diluted	9			(693.45)

The accompanying notes form part of the financial statements.

Consolidated statement of comprehensive income
for the 12 months ended October 31, 2019

		Before exceptional items \$m	Exceptional items (note 4) \$m	Total ¹ \$m
Continuing operations	Note			
Revenue	1,2	3,348.4	-	3,348.4
Cost of sales		(777.3)	(12.6)	(789.9)
Gross profit		2,571.1	(12.6)	2,558.5
Selling and distribution expenses		(1,216.4)	(8.4)	(1,224.8)
Research and development expenses		(491.7)	0.5	(491.2)
Administrative expenses		(347.1)	(273.7)	(620.8)
Operating profit/(loss)		515.9	(294.2)	221.7
Finance costs	6	(282.4)	-	(282.4)
Finance income	6	26.6	-	26.6
Net finance costs	6	(255.8)	-	(255.8)
Profit/(loss) before tax		260.1	(294.2)	(34.1)
Taxation	7	(38.3)	54.3	16.0
Profit/(loss) from continuing operations		221.8	(239.9)	(18.1)
Profit from discontinued operation (attributable to equity shareholders of the Company)	32	28.7	1,458.5	1,487.2
Profit for the period		250.5	1,218.6	1,469.1
Attributable to:				
Equity shareholders of the Company		250.2	1,218.6	1,468.8
Non-controlling interests		0.3	-	0.3
Profit for the period		250.5	1,218.6	1,469.1

¹ In accordance with the requirements of IFRS 16 “Leases” the results for the 12 months ended October 31, 2019 have not been restated.

The accompanying notes form part of the financial statements.

Consolidated statement of comprehensive income continued
for the 12 months ended October 31, 2019

	Note	Before exceptional items \$m	Exceptional items (note 4) \$m	Total ¹ \$m
Profit for the period		250.5	1,218.6	1,469.1
Other comprehensive (expense)/income for the period:				
Items that will not be reclassified to profit or loss				
Continuing operations:				
Actuarial loss on pension schemes liabilities	22	(26.2)	-	(26.2)
Actuarial gain on non-plan pension assets	22	0.3	-	0.3
Deferred tax movement		13.0	-	13.0
Discontinued operation:				
Actuarial gain on pension schemes liabilities	22	0.1	-	0.1
Actuarial gain on non-plan pension assets	22	0.1	-	0.1
Currency translation differences - discontinued operation		-	(1.5)	(1.5)
Continuing operations: Items that may be subsequently reclassified to profit or loss				
Cash flow hedge movements	27	(122.9)	-	(122.9)
Current tax movement on cash flow hedge movements	27	23.3	-	23.3
Deferred tax movement on currency translation differences		14.0	-	14.0
Currency translation differences		(206.2)	-	(206.2)
Other comprehensive expense for the period		(304.5)	(1.5)	(306.0)
Total comprehensive (expense)/income for the period		(54.0)	1,217.1	1,163.1
Attributable to:				
Equity shareholders of the Company		(54.3)	1,217.1	1,162.8
Non-controlling interests		0.3	-	0.3
Total comprehensive (expense)/income for the period		(54.0)	1,217.1	1,163.1
Total comprehensive (expense)/income attributable to the equity shareholders of the Company arises from:				
Continuing operations		(82.9)	(239.9)	(322.8)
Discontinued operation		28.9	1,457.0	1,485.9
		(54.0)	1,217.1	1,163.1
Earnings per share (cents)				
From continuing and discontinued operations				cents
- basic	9			388.50
- diluted	9			384.35
From continuing operations				
- basic	9			(4.87)
- diluted	9			(4.87)
Earnings per share (pence)				
From continuing and discontinued operations				pence
- basic	9			305.07
- diluted	9			301.81
From continuing operations				
- basic	9			(3.82)
- diluted	9			(3.82)

¹ In accordance with the requirements of IFRS 16 “Leases” the results for the 12 months ended October 31, 2019 have not been restated.

The accompanying notes form part of the financial statements.

Consolidated statement of comprehensive income
for the 18 months ended October 31, 2018

		Before exceptional items \$m	Exceptional items (note 4) \$m	Total ¹ \$m
Continuing operations	Note			
Revenue	1,2	4,754.4	-	4,754.4
Cost of sales		(1,237.3)	(65.4)	(1,302.7)
Gross profit		3,517.1	(65.4)	3,451.7
Selling and distribution costs		(1,725.0)	(39.2)	(1,764.2)
Research and development expenses		(663.4)	(17.4)	(680.8)
Administrative expenses		(213.7)	(416.2)	(629.9)
Operating profit/(loss)		915.0	(538.2)	376.8
Finance costs	6	(344.0)	(6.4)	(350.4)
Finance income	6	7.1	0.6	7.7
Net finance costs	6	(336.9)	(5.8)	(342.7)
Profit/(loss) before tax		578.1	(544.0)	34.1
Taxation	7	(125.1)	798.2	673.1
Profit from continuing operations		453.0	254.2	707.2
Profit from discontinued operation (attributable to equity shareholders of the Company)	32	76.9	-	76.9
Profit for the period		529.9	254.2	784.1
Attributable to:				
Equity shareholders of the Company		529.8	254.2	784.0
Non-controlling interests		0.1	-	0.1
Profit for the period		529.9	254.2	784.1

¹ In accordance with the requirements of IFRS 16 “Leases” the results for the 18 months ended October 31, 2018 have not been restated.

The accompanying notes form part of these financial statements.

Consolidated statement of comprehensive income continued
for the 18 months ended October 31, 2018

	Note	Before exceptional items \$m	Exceptional items (note 4) \$m	Total ¹ \$m
Profit for the period		529.9	254.2	784.1
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss				
Continuing operations:				
Actuarial loss on pension schemes liabilities	22	(8.9)	-	(8.9)
Actuarial loss on non-plan pension assets	22	(5.3)	-	(5.3)
Deferred tax movement		3.8	-	3.8
Discontinued operation:				
Actuarial loss on pension schemes liabilities	22	(1.5)	-	(1.5)
Actuarial loss on non-plan pension assets	22	(0.5)	-	(0.5)
Deferred tax movement		0.5	-	0.5
Items that may be subsequently reclassified to profit or loss				
Cash flow hedge movements	27	86.4	-	86.4
Current tax movement	27	(16.4)	-	(16.4)
Currency translation differences - continuing operations		(29.5)	-	(29.5)
Currency translation differences - discontinued operation		0.7	-	0.7
Other comprehensive income for the period		29.3	-	29.3
Total comprehensive income for the period		559.2	254.2	813.4
Attributable to:				
Equity shareholders of the Company		559.1	254.2	813.3
Non-controlling interests		0.1	-	0.1
Total comprehensive income for the period		559.2	254.2	813.4
Total comprehensive income attributable to the equity shareholders of the Company arises from:				
Continuing operations		483.1	254.2	737.3
Discontinued operation		76.1	-	76.1
		559.2	254.2	813.4
Earnings per share (cents)				
From continuing and discontinued operations				cents
- basic	9			201.70
- diluted	9			196.17
From continuing operations				
- basic	9			181.91
- diluted	9			176.92
Earnings per share (pence)				
From continuing and discontinued operations				pence
- basic	9			151.61
- diluted	9			147.45
From continuing operations				
- basic	9			136.73
- diluted	9			132.98

¹ In accordance with the requirements of IFRS 16 “Leases” the results for the 18 months ended October 31, 2018 have not been restated.
The accompanying notes form part of these financial statements.

Consolidated statement of financial position

	Note	October 31, 2020 \$m	October 31, 2019 \$m ¹
Non-current assets			
Goodwill	10	3,835.4	6,671.3
Other intangible assets	11	5,383.0	5,942.3
Property, plant and equipment	12	93.7	140.5
Right-of-use assets	19	207.2	-
Long-term pension assets	22	18.2	17.1
Contract-related costs	15	35.7	31.5
Other non-current assets	13	31.8	44.0
		9,605.0	12,846.7
Current assets			
Inventories		-	0.1
Trade and other receivables	14	731.4	1,032.9
Contract-related costs	15	27.9	19.3
Current tax receivables	7	45.3	40.1
Cash and cash equivalents	16	737.2	355.7
		1,541.8	1,448.1
Total assets		11,146.8	14,294.8
Current liabilities			
Trade and other payables	17	503.5	611.0
Borrowings	18	21.4	-
Lease obligations (2019: Finance leases)	19	82.2	11.8
Provisions	21	49.7	29.3
Current tax liabilities	7	150.1	104.0
Contract liabilities	20	981.4	1,045.9
		1,788.3	1,802.0
Non-current liabilities			
Contract liabilities	20	117.2	149.9
Borrowings	18	4,618.9	4,670.7
Lease obligations (2019: Finance leases)	19	168.2	11.7
Derivative liability	24	77.9	36.5
Retirement benefit obligations	22	155.0	141.4
Provisions	21	22.5	49.1
Other non-current liabilities	23	39.9	50.4
Current tax liabilities	7	102.7	119.7
Deferred tax liabilities	7	841.1	987.1
		6,143.4	6,216.5
Total liabilities		7,931.7	8,018.5
Net assets		3,215.1	6,276.3

¹ In accordance with the requirements of IFRS 16 “Leases” the comparative amounts have not been restated.

Consolidated statement of financial position continued

	Note	October 31, 2020 \$m	October 31, 2019 ¹ \$m
Capital and reserves			
Share capital	25	47.3	47.2
Share premium account	26	46.5	44.0
Merger reserve	27	1,767.4	1,739.8
Capital redemption reserve	27	2,485.0	2,485.0
Hedging reserve	27	(63.1)	(29.6)
Retained earnings		(741.3)	2,250.7
Foreign currency translation reserve		(326.7)	(262.1)
Total equity attributable to owners of the parent		3,215.1	6,275.0
Non-controlling interests	28	-	1.3
Total equity		3,215.1	6,276.3

¹ In accordance with the requirements of IFRS 16 “Leases” the comparative amounts have not been restated.

The accompanying notes form part of the financial statements.

Consolidated statement of changes in equity
For the 18 months ended October 31, 2018¹

		Share capital	Share premium account	Retained earnings	Foreign currency translation reserve	Capital redemption reserves	Hedging reserve	Merger reserve	Total equity attributable to owners of the parent	Non- controlling interests	Total equity
	Note	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance as at May 1, 2017		39.7	192.1	902.2	(22.9)	163.4	-	338.1	1,612.6	0.9	1,613.5
Profit for the financial period		-	-	784.0	-	-	-	-	784.0	0.1	784.1
Other comprehensive income for the period		-	-	(11.9)	(28.8)	-	70.0	-	29.3	-	29.3
Total comprehensive income/(expense) for the period		-	-	772.1	(28.8)	-	70.0	-	813.3	0.1	813.4
Transactions with owners:											
Dividends	8	-	-	(542.2)	-	-	-	-	(542.2)	-	(542.2)
Share options:											
Issue of share capital – share options	25,26	0.2	5.6	-	-	-	-	-	5.8	-	5.8
Share-based payment charge	29	-	-	78.6	-	-	-	-	78.6	-	78.6
Current tax on share options	7	-	-	4.1	-	-	-	-	4.1	-	4.1
Deferred tax on share options	7	-	-	(23.7)	-	-	-	-	(23.7)	-	(23.7)
Acquisitions:											
Shares issued to acquire the HPE Software business	25	28.8	-	-	-	-	-	6,485.4	6,514.2	-	6,514.2
Share reorganization and buy-back:											
Return of Value – share consolidation	29,31	(2.9)	-	-	-	2.9	-	-	-	-	-
Issue and redemption of B shares	25	-	(156.7)	(500.0)	-	500.0	-	(343.3)	(500.0)	-	(500.0)
Share buy-back	25	-	-	(171.7)	-	-	-	-	(171.7)	-	(171.7)
Reallocation of merger reserve	27	-	-	2,755.8	-	-	-	(2,755.8)	-	-	-
Total movements for the period		26.1	(151.1)	2,373.0	(28.8)	502.9	70.0	3,386.3	6,178.4	0.1	6,178.5
Balance as at October 31, 2018		65.8	41.0	3,275.2	(51.7)	666.3	70.0	3,724.4	7,791.0	1.0	7,792.0

¹ In accordance with the requirements of IFRS 16 “Leases” the results for the 18 months ended October 31, 2018 have not been restated.

The accompanying notes form part of the financial statements.

Consolidated statement of changes in equity
For the 12 months ended October 31, 2019¹

		Share capital	Share premium account	Retained earnings	Foreign currency translation reserve	Capital redemption reserves	Hedging reserve	Merger reserve	Total equity attributable to owners of the parent	Non- controlling interests	Total equity
	Note	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance as at November 1, 2018		65.8	41.0	3,275.2	(51.7)	666.3	70.0	3,724.4	7,791.0	1.0	7,792.0
Impact of adoption of IFRS 15		-	-	52.4	-	-	-	-	52.4	-	52.4
Impact of adoption of IFRS 9		-	-	(15.6)	-	-	-	-	(15.6)	-	(15.6)
Revised balance at November 1, 2018		65.8	41.0	3,312.0	(51.7)	666.3	70.0	3,724.4	7,827.8	1.0	7,828.8
Profit for the financial period		-	-	1,468.8	-	-	-	-	1,468.8	0.3	1,469.1
Other comprehensive income/(expense) for the period		-	-	4.0	(210.4)	-	(99.6)	-	(306.0)	-	(306.0)
Total comprehensive income/(expense) for the period		-	-	1,472.8	(210.4)	-	(99.6)	-	1,162.8	0.3	1,163.1
Transactions with owners:											
Dividends	8	-	-	(439.2)	-	-	-	-	(439.2)	-	(439.2)
Share options:											
Issue of share capital – share options	25,26	0.1	3.0	(3.8)	-	-	-	-	(0.7)	-	(0.7)
Share-based payment charge	29	-	-	64.5	-	-	-	-	64.5	-	64.5
Current tax on share options	7	-	-	13.1	-	-	-	-	13.1	-	13.1
Deferred tax on share options	7	-	-	(7.6)	-	-	-	-	(7.6)	-	(7.6)
Share reorganization and buy-back:											
Return of Value – share consolidation	29,31	(18.7)	-	-	-	18.7	-	-	-	-	-
Expenses relating to Return of Value	27	-	-	(1.0)	-	-	-	-	(1.0)	-	(1.0)
Issue and redemption of B shares	25	-	-	(1,800.0)	-	1,800.0	-	(1,800.0)	(1,800.0)	-	(1,800.0)
Share buy-back	25	-	-	(544.7)	-	-	-	-	(544.7)	-	(544.7)
Reallocation of merger reserve	27	-	-	184.6	-	-	-	(184.6)	-	-	-
Total movements for the period		(18.6)	3.0	(1,061.3)	(210.4)	1,818.7	(99.6)	(1,984.6)	(1,552.8)	0.3	(1,552.5)
Balance as at October 31, 2019		47.2	44.0	2,250.7	(262.1)	2,485.0	(29.6)	1,739.8	6,275.0	1.3	6,276.3

¹ In accordance with the requirements of IFRS 16 “Leases” the results for the 12 months ended October 31, 2019 have not been restated.

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity
For the 12 months ended October 31, 2020

		Share capital	Share premium account	Retained earnings	Foreign currency translation reserve	Capital redemption reserves	Hedging reserve	Merger reserve	Total equity attributable to owners of the parent \$m	Non- controlling interests	Total equity
	Note	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance as at November 1, 2019		47.2	44.0	2,250.7	(262.1)	2,485.0	(29.6)	1,739.8	6,275.0	1.3	6,276.3
Impact of adoption of IFRS 16		-	-	(8.4)	-	-	-	-	(8.4)	-	(8.4)
Revised balance at November 1, 2019		47.2	44.0	2,242.3	(262.1)	2,485.0	(29.6)	1,739.8	6,266.6	1.3	6,267.9
Loss for the financial period		-	-	(2,969.5)	-	-	-	-	(2,969.5)	-	(2,969.5)
Other comprehensive expense for the period		-	-	(5.0)	(64.6)	-	(33.5)	-	(103.1)	-	(103.1)
Total comprehensive expense for the period		-	-	(2,974.5)	(64.6)	-	(33.5)	-	(3,072.6)	-	(3,072.6)
Share options:											
Issue of share capital – share options	25,26	0.1	2.5	0.3	-	-	-	-	2.9	-	2.9
Share-based payment charge	29	-	-	18.3	-	-	-	-	18.3	-	18.3
Current tax on share options	7	-	-	0.1	-	-	-	-	0.1	-	0.1
Deferred tax on share options	7	-	-	(1.5)	-	-	-	-	(1.5)	-	(1.5)
Purchase of remaining non-controlling interest	28	-	-	1.3	-	-	-	-	1.3	(1.3)	-
Reallocation of merger reserve	27	-	-	(27.6)	-	-	-	27.6	-	-	-
Total movements for the period		0.1	2.5	(2,983.6)	(64.6)	-	(33.5)	27.6	(3,051.5)	(1.3)	(3,052.8)
Balance as at October 31, 2020		47.3	46.5	(741.3)	(326.7)	2,485.0	(63.1)	1,767.4	3,215.1	-	3,215.1

The accompanying notes form part of the financial statements.

Consolidated statements of cash flows

	Note	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 ¹ \$m	18 months ended October 31, 2018 ¹ \$m
Cash flows from operating activities				
Cash generated from operations	34	1,082.8	1,056.3	1,424.3
Interest paid		(207.1)	(227.1)	(301.8)
Bank loan costs		(47.9)	-	(101.2)
Tax paid		(149.6)	(167.4)	(99.5)
Net cash generated from operating activities		678.2	661.8	921.8
Cash flows from/(used in) investing activities				
Payments for intangible assets	11	(60.6)	(29.3)	(92.1)
Purchase of property, plant and equipment	12	(26.3)	(56.3)	(40.1)
Finance leases		-	-	(0.7)
Interest received		2.4	26.6	9.2
Payment for acquisition of business	33	(6.0)	(89.0)	(19.2)
Net cash acquired with acquisitions	33	-	1.2	321.7
Investing cash flows generated from disposals	32	1.3	20.0	-
Investing cash flows generated from discontinued operation, net of cash disposed	32	-	2,473.5	-
Tax paid on divestiture gain		-	(264.6)	-
Net cash (used in)/from investing activities		(89.2)	2,082.1	178.8
Cash flows used in financing activities				
Investment in non-controlling interest		-	-	(0.1)
Proceeds from issue of ordinary share capital	25,26	2.6	3.1	5.8
Purchase of treasury shares and related expenses	25	-	(544.7)	(171.7)
Return of Value paid to shareholders	25,27	-	(1,800.0)	(500.0)
Expenses relating to Return of Value	25	-	(1.0)	-
Repayment of working capital in respect of the HPE Software business acquisition		-	-	(225.8)
Payment for lease liabilities (2019: payment for finance lease liabilities)	19	(80.1)	(12.9)	-
Settlement of foreign exchange derivative	24	(21.8)	-	-
Repayment of bank borrowings	18	(1,589.7)	(212.6)	(252.9)
Proceeds from bank borrowings	18	1,490.8	-	1,043.8
Dividends paid to owners	8	-	(439.2)	(542.2)
Net cash used in financing activities		(198.2)	(3,007.3)	(643.1)
Effects of exchange rate changes		(9.3)	(1.8)	15.3
Net increase/(decrease) in cash and cash equivalents		381.5	(265.2)	472.8
Cash and cash equivalents at beginning of period		355.7	620.9	151.0
	16	737.2	355.7	623.8
Reclassification to current assets classified as held for sale		-	-	(2.9)
Cash and cash equivalents at end of period	16	737.2	355.7	620.9

¹ In accordance with the requirements of IFRS 16 “Leases” the comparative amounts have not been restated.

The accompanying notes form part of these financial statements.

Consolidated financial statements and notes
Summary of significant accounting policies

General information

Micro Focus International plc (“Company”) is a public limited company incorporated and domiciled in the UK. The address of its registered office is, The Lawn, 22-30 Old Bath Road, Newbury, RG14 1QN, UK.

Micro Focus International plc and its subsidiaries (together “Group”) provide innovative software to clients around the world enabling them to dramatically improve the business value of their enterprise applications. As at October 31, 2020, the Group had a presence in 48 countries (October 31, 2019: 48; October 31, 2018: 49) worldwide and employed approximately 11,900 people (October 31, 2019; 12,100; October 31, 2018: 14,800 including 1,200 SUSE employees).

The Company is listed on the London Stock Exchange and its American Depositary Shares are listed on the New York Stock Exchange.

In 2018, the Company changed its financial year-end from April 30 to October 31 and reported 18-month financial statements running from May 1, 2017 to October 31, 2018.

The Group Consolidated financial statements were authorized for issuance by the board of directors on February 8, 2021.

I Significant Accounting policies

A Basis of preparation

The Consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”), in accordance with international accounting standards in conformity with the requirements of the Companies Act and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (“IFRSs as adopted by the EU”).

The Consolidated financial statements have been prepared on a going concern basis under the historical cost convention. These financial statements have been prepared for a 12-month period as compared with a prior 12-month and 18-month reporting periods and therefore are not entirely comparable. The use of an 18-month reporting period is permitted under the UK Companies Act 2006.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below in II, “Critical accounting estimates, assumptions and judgements”.

The principal accounting policies adopted by the Group in the preparation of the consolidated financial statements are set out below.

The accounting policies adopted are consistent with those of the Annual Report on Form 20-F for the 12 months ended October 31, 2019 apart from standards, amendments to or interpretations of published standards adopted during the year, as set out in Accounting Policy W “Adoption of new and revised IFRS”.

Going concern

In line with IAS 1 ‘Presentation of financial statements’ and the FRC guidance on “risk management, internal control and related financial and business reporting”, management has taken into account available information about the future for a period of at least, but not limited to, 12 months from the date of approval of the consolidated financial statements when assessing the Group’s ability to continue as a going concern. This assessment covers the period to February 2022, which is consistent with the FRC guidance.

Item 5.A and Item 5.B includes information on our Group financial results, cash flow and net debt, and the balance sheet position.

In making this assessment, the directors considered the Group’s liquidity and solvency position. Whilst the Group has quarterly instalment payments due and, dependent on leverage, may be subject to an excess cash sweep against its external borrowing in the period to February 2022 the Group has no term loans maturing until June 2024 (see note 8 “Borrowings” for an analysis of borrowing maturity and additional details on repayment requirements). The Revolving Facility was undrawn at October 31, 2020 and the Group had \$737.2 million of cash balances at October 31, 2020 providing total liquidity of \$1,087.2 million. The Group’s Revolving Facility is subject to a net leverage covenant when it is more than 35% drawn at the quarter end (see note 10 “Financial risk management and instruments” for additional details). Under the Group’s forecasts the Revolving Facility is not forecast to be drawn in the period to February 2022 and therefore no covenant tests are expected to apply.

Consolidated financial statements and notes
Summary of significant accounting policies continued

The Group manages solvency and liquidity as part of its budgeting and performance management. The Group's forecasting and planning cycle consists of a budget and a long-range plan which are used to generate income statement and cash flow projections. The cash flow projections also forecast the headroom on the Group's undrawn Revolving Facility and expected net leverage. Actual and forecast liquidity are reviewed at least weekly by the Group's working capital management group which reports to the Chief Financial Officer.

Also in assessing liquidity, the board considered the reported net current liability position of \$246.5 million at October 31, 2020. This is the result of \$981.4 million of advance billing for services which is required to be recognised as a contract liability. The cost of delivering these services is fully included in the Group's forecasting and sensitivities.

COVID-19 and sensitivity

In assessing going concern the Group has estimated the financial impact of severe but plausible scenarios, which take into account the Group's principal risks, impacting both revenue and Adjusted EBITDA, including a greater than forecast level of exceptional expenditure to complete the Group's IT implementation being incurred. The impact of COVID-19 on Group's cash flow in the current year has been limited however the severe but plausible scenarios reflect a wider macro-economic impact from COVID-19 continuing for the entire 12-month going concern assessment period to February 2022. This stress testing confirmed that existing projected cash flows and cash management activities provide us with significant headroom over the going concern assessment period. In addition under the severe but plausible scenarios, there is no point at which the Group would likely need to draw upon the Revolving Facility in the period to February 2022 and therefore no covenant test would be expected to apply.

Conclusion

Having performed the assessments discussed above, the directors considered it appropriate to adopt the going concern basis of accounting when preparing the Consolidated financial statements. This assessment covers the period to February 2022, which is consistent with the FRC guidance.

B Consolidation

The financial statements of the Group comprise the financial statements of the Company and entities controlled by the Company and its subsidiaries prepared at the consolidated statement of financial position date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group has control over an entity where the Group is exposed to, or has rights to, variable returns from its involvement within the entity and it has the power over the entity to effect those returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing control. Control is presumed to exist when the Group owns more than half of the voting rights (which does not always equal percentage ownership) unless it can be demonstrated that ownership does not constitute control. The results of subsidiaries are consolidated from the date on which control passes to the Group. The results of disposed subsidiaries are consolidated up to the date on which control passes from the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, with costs directly attributable to the acquisition being expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Where new information is obtained within the "measurement period" (defined as the earlier of the period until which the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, or one year from the acquisition date) about facts and circumstances that existed as at the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date, the Group recognizes these adjustments to the acquisition balance sheet with an equivalent offsetting adjustment to goodwill. Where new information is obtained after this measurement period has closed, this is reflected in the post-acquisition period.

For partly owned subsidiaries, the allocation of net assets and net earnings to outside shareholders is shown in the line "Attributable to non-controlling interests" on the face of the consolidated statement of comprehensive income and the consolidated statement of financial position.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidated financial statements and notes
Summary of significant accounting policies continued

B Consolidation continued

During the 12-month period ended October 31, 2020, the Group acquired the minority interest remaining in Novell Japan Ltd and as a result held a 100% interest at October 31, 2020. At October 31, 2019 the Group had an 84.24% (2018: 81.05%) interest in Novell Japan Ltd which gave rise to the minority interest reported in these financial statements (note 28 “Non-controlling interests”).

C Assets held for sale and discontinued operations

A Non-current asset (or disposal group) is classified as held for sale if the Group will recover the carrying amount principally through a sale transaction rather than through continuing use. A Non-current asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. If the asset (or disposal group) is acquired as part of a business combination it is initially measured at fair value less costs to sell. Assets and liabilities of disposal groups classified as held for sale are shown separately on the face of the balance sheet.

The results of discontinued operations are shown as a single amount on the face of the Consolidated statement of comprehensive income comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognized either on measurement to fair value less costs to sell or on the disposal of the discontinued operation. The Consolidated statement of cash flows has been presented including the discontinued operations.

D Revenue recognition

The Group follows the principle-based five-step model in IFRS 15 and recognizes revenue on transfer of control of promised goods or services to customer when, or as the performance obligation is satisfied at an amount that reflects the consideration, which the Group expects to be entitled in exchange for those goods, or services. Customer contracts can include combinations of goods and services, which are generally capable of being distinct and accounted for as separate performance obligations. Typically, a license deal includes support, a separate performance obligation consisting of: call in assistance and when-and-if available updates. The right to get assistance and updates is not mandatory to use the license. Contracts may also include professional services, which primarily comprise installation, implementation, configuration, advisory services and staff augmentation; these services are available both from the Group and other external service providers. All software is considered off-the-shelf and most services make use of existing configuration functionality and do not modify or customize the source code within the products, nor do they create custom software. The professional service personalize the software to the customer’s requirements and preferences. Customers can benefit from both the software on its own and the subsequent services, individually and together. On this basis, the Group concludes that services are typically distinct from licenses and constitute a separate performance obligation, although this is also assessed on an individual contract basis.

Revenue is allocated to the various performance obligations on a relative stand-alone selling price (“SSP”) basis.

On an on-going basis, the Group utilizes available data points based on relevant historical transactions, to establish the observable stand-alone selling prices to be used in allocating transaction consideration. For observable stand-alone sales a reasonable range of prices will be determined to represent the stand-alone selling price of that performance obligation. Given the highly variable selling price of licenses, the Group has not established SSP for licenses. When SSP is established for the undelivered performance obligations (typically maintenance and professional services), the residual approach is used to allocate the transaction price to the delivered licenses.

For performance obligations where observable stand-alone sales are not available, SSP will be estimated using the following methods in the order set out below:

- Market price
- Expected cost plus a margin
- Residual approach

The Group recognizes revenues from sales of software licences (including Intellectual Property and Patent rights) to end-users, resellers and Independent Software Vendors (“ISV”), software maintenance, Software as a Service (“SaaS”), technical support, training and professional services. ISV revenue includes fees based on end usage of ISV applications that have our software embedded in their applications.

Consolidated financial statements and notes
Summary of significant accounting policies continued**D Revenue recognition continued**

Software licence revenue is the sale of right to use the software on customer premises and is recognized at a point in time when the software is made available to the customer and/or reseller (i.e. when control of the asset is transferred and the performance obligation is satisfied). Licence revenue is considered right to use as the customer receives the right to download and use the software. The Group enters into licence verification arrangements, for customers who are not in compliance with their contractual licence and/or maintenance terms, by agreeing a one-off settlement fee. If more than one performance obligation can be identified in the contract, revenue is allocated to each performance obligation, otherwise the Group policy is to recognize as licence revenue. The allocation of revenue does not impact the timing of revenue recognition in these deals, given the performance obligation(s) have already been fulfilled, but will impact the presentation of revenue recognized during the period, (as licence or licence and maintenance).

For SaaS arrangements where customers access the functionality of a hosted software over the contract period without taking possession of the software, and performance obligations are provided evenly over a defined term, the Group recognizes revenue over the period in which the subscriptions are provided as the service is delivered, generally on a straight-line basis.

In SaaS arrangements where the customer has the contractual right to take possession of the software at any time during the contractual period without significant penalty and the customer can operate, or contract with another vendor to operate the software, the Group evaluates whether the arrangement includes the sale of a software licence. In SaaS arrangements where software licences are sold, licence revenue is generally recognized at a point in time when control of the software is transferred to the customer.

Maintenance revenue is recognized on a straight-line basis over the term of the contract, which in most cases is one year.

For time and material-based professional services contracts, the Group recognizes revenue as services are rendered. The Group recognizes revenue from fixed-price professional services contracts as work progresses over the contract period on a percentage of completion basis, as determined by the percentage of labor costs incurred to date compared to the total estimated labor costs of a contract. Estimates of total project costs for fixed-price contracts are regularly reassessed during the life of a contract. Service costs are expensed as incurred; amounts collected prior to satisfying the above conditions are shown as contract liabilities.

Where consideration is received in advance of satisfying the performance obligation and the performance obligation will be satisfied within one year of receipt of the consideration no significant financing component is recognized. The majority of the Group's SaaS and maintenance contracts are for periods of one year. In addition, for multi-year contracts where consideration is received in advance, the purpose of the upfront billing is not for the Group to obtain financing, rather to avoid the administrative tasks of subsequent invoicing, cash collection and risk of cancellation.

Rebates paid to resellers as part of a contracted program are accounted for as a reduction of the transaction price and netted against revenue where the rebate paid is based on the achievement of sales targets made by the partner. If the Group receives an identifiable good or service from the reseller that is separable from the sales transaction and for which fair value can be reasonably estimated, the Group accounts for the purchase of the good or service in the same way that it accounts for other purchases from suppliers.

Revenue recognition policy in the 18-month period ended October 31, 2018

The Group recognized revenues from sales of software Licences (including Intellectual Property and Patent rights), to end-users, resellers and Independent Software Vendors ("ISV"), software maintenance, subscription, Software as a Service ("SaaS"), technical support, training and professional services, upon firm evidence of an arrangement, delivery of the software and determination that collection of a fixed or determinable fee is reasonably assured. ISV revenue included fees based on end usage of ISV applications that have our software embedded in their applications. When the fees for software upgrades and enhancements, maintenance, consulting and training were bundled with the Licence fee, they were unbundled using the Group's objective evidence of the fair value of the elements represented by the Group's customary pricing for each element in separate transactions. If evidence of fair value existed for all undelivered elements and there was no such evidence of fair value established for delivered elements, revenue was first allocated to the elements where fair value has been established and the residual amount was allocated to the delivered elements. If evidence of fair value for any undelivered element of the arrangement did not exist, all revenue from the arrangement was deferred until such time that there was evidence of delivery.

If the arrangement included acceptance criteria, revenue was not recognized until the Group could objectively demonstrate that the acceptance criteria have been met, or the acceptance period lapses, whichever was earlier.

Consolidated financial statements and notes
Summary of significant accounting policies continued**D Revenue recognition continued**

The Group recognized Licence revenue derived from sales to resellers upon delivery to resellers, provided that all other revenue recognition criteria was met; otherwise revenue was deferred and recognized upon delivery of the product to the end-user. Where the Group sold access to a Licence for a specified period of time and collection of a fixed or determinable fee was reasonably assured, Licence revenue was recognized upon delivery, except in instances where future substantive upgrades or similar performance obligations were committed to. Where future performance obligations were specified in the Licence agreement, and fair value could be attributed to those upgrades, revenue for the future performance obligations was deferred and recognized on the basis of the fair value of the upgrades in relation to the total estimated sales value of all items covered by the Licence agreement. Where the future performance obligations were unspecified in the Licence agreement, revenue was deferred and recognized rateably over the specified period.

For Subscription revenue where access and performance obligations were provided evenly over a defined term, the revenue was deferred and recognized rateably over the specified period.

The Group recognized revenue for SaaS arrangements as the service was delivered, generally on a straight-line basis, over the contractual period of performance. In SaaS arrangements, the Group considered the rights provided to the customer (e.g. whether the customer has the contractual right to take possession of the software at any time during the contractual period without significant penalty, and the feasibility of the customer to operate or contract with another vendor to operate the software) in determining whether the arrangement included the sale of a software licence. In SaaS arrangements where software licences were sold, licence revenue was generally recognized according to whether perpetual or term licences are sold, when all other revenue recognition criteria was satisfied.

Maintenance revenue was recognized on a straight-line basis over the term of the contract, which in most cases was one year.

For time and material-based professional services contracts, the Group recognized revenue as services are rendered and recognized costs as they were incurred. The Group recognized revenue from fixed-price professional services contracts as work progressed over the contract period on a proportional performance basis, as determined by the percentage of labour costs incurred to date compared to the total estimated labour costs of a contract. Estimates of total project costs for fixed-price contracts were regularly reassessed during the life of a contract. Amounts collected prior to satisfying the above revenue recognition criteria were included in deferred income.

Rebates paid to partners as part of a contracted program were netted against revenue where the rebate paid was based on the achievement of sales targets made by the partner, unless the Company received an identifiable good or service from the partner that was separable from the sales transaction and for which the Group could reasonably estimate fair value.

E Contract-related costs

The Group capitalizes the costs of obtaining a customer contract when they are incremental and, if expected to be recovered, they are amortized over the customer life or pattern of revenue for the related contract.

Normally sales commissions paid for customer contract renewals are not commensurate with the commissions paid for new contracts. It follows that the commissions paid for new contracts also relate to expected future renewals of these contracts. Accordingly, the Group amortizes sales commissions paid for new customer contracts on a straight-line basis over the expected customer life, based on expected renewal frequency. The current average customer life is five years. If the expected amortization period is one year or less the costs are expensed when incurred.

Amortization of the capitalized costs of obtaining customer contracts is classified as sales and marketing expense. Capitalized costs from customer contracts are classified as non-financial assets in our statement of financial position.

F Cost of sales

Cost of sales includes costs related to the amortization of product development costs, amortization of acquired technology intangibles, costs of the consulting business and helpline support and royalties payable to third parties.

G Segment reporting

In accordance with IFRS 8, “Operating Segments”, the Group has derived the information for its segmental reporting using the information used by the Chief Operating Decision Maker (“CODM”), defined as the Operating Committee. The segmental reporting is consistent with those used in internal management reporting and the measure used by the Operating Committee is Adjusted EBITDA as set out in note 1 “Segmental reporting”.

Consolidated financial statements and notes**Summary of significant accounting policies** continued**H Exceptional items**

Exceptional items are those significant items, which are separately disclosed by virtue of their size, nature or incidence to enable a full understanding of the Group's financial performance. In setting the policy for exceptional items, judgement is required to determine what the Group defines as "exceptional". The Group considers whether an item is exceptional in nature if it is material or non-recurring or does not reflect the underlying performance of the business. Exceptional items are allocated to the financial statement lines (for example: cost of sales) in the Consolidated statement of comprehensive income based on the nature and function of the costs, for example restructuring costs related to employees are classified where their original employment costs are recorded.

Management of the Group first evaluates Group strategic projects such as acquisitions, divestitures and integration activities, Group restructuring and other one-off events such as restructuring programmes. In determining whether an event or transaction is exceptional, management of the Group considers quantitative and qualitative factors such as its expected size, precedent for similar items and the commercial context for the particular transaction, while ensuring consistent treatment between favourable and unfavourable transactions impacting revenue, income and expense. Examples of transactions which may be considered of an exceptional nature include major restructuring programmes, cost of acquisitions, the cost of integrating acquired businesses, gains on the disposal of discontinued operations or impairment charges recognized against goodwill.

I Employee benefit costs**a) Pension obligations and long-term pension assets**

The Group operates various pension schemes, including both defined contribution and defined benefit pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement or termination. This is usually dependent on one or more factors such as age, years of service and compensation

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. Certain long-term pension assets do not meet the definition of plan assets as they have not been pledged to the plan and are subject to the creditors of the Group. Such assets are recorded separately in the consolidated statement of financial position as long-term pension assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to mature approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in income.

The current service cost of the defined benefit plan, recognized in the Consolidated statement of comprehensive income in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance costs in the Consolidated statement of comprehensive income.

Long-term pension assets relate to the reimbursement right under insurance policies held in the Group with guaranteed interest rates that do not meet the definition of a qualifying insurance policy as they have not been pledged to the plan and are subject to the creditors of the Group. Such reimbursement rights assets are recorded in the Consolidated statement of financial position as long-term pension assets. These contractual arrangements are treated as financial assets measured at fair value through other comprehensive income. Gains and losses on long-term pension assets are charged or credited to equity in other comprehensive income in the period in which they arise.

Consolidated financial statements and notes
Summary of significant accounting policies continued

b) Share-based compensation

The Group operated various equity-settled, share-based compensation plans during the period.

The fair value of the employee services received in exchange for the grant of the shares or options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Market vesting conditions are taken into account when determining the fair value of the options at grant date. At each Consolidated statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the Consolidated statement of comprehensive income, and a corresponding adjustment to equity over the current reporting period.

The shares are recognized when the options are exercised and the proceeds received allocated between ordinary shares and share premium account. Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. The Additional Share Grants have been valued using the Monte-Carlo simulation pricing model.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge is treated as a cash-settled transaction.

J Foreign currency translation

a) Functional and presentation currency

The presentation currency of the Group is US dollars. Items included in the financial statements of each of the Group's entities are measured in the functional currency of each entity.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated statement of comprehensive income within administrative expenses.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments (including purchased intangible assets) to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On consolidation, the results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) Assets and liabilities for each Consolidated statement of financial position presented are translated at the closing rate at the date of that Consolidated statement of financial position;
- ii) Income and expenses for each Consolidated statement of comprehensive income item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- iii) All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income.

Goodwill arising before 1 May 2004 is treated as an asset of the Company and expressed in the Company's functional currency.

Consolidated financial statements and notes
Summary of significant accounting policies continued

c) Exchange rates

The most important foreign currencies for the Group are: Pounds Sterling, the Euro, Canadian Dollar, Israeli Shekel and Japanese Yen and in the 12 months ended October 31, 2020 also the Indian Rupee and Chinese Yuan. The exchange rates used are as follows:

	12 months ended October 31, 2020		12 months ended October 31, 2019		18 months ended October 31, 2018	
	Average	Closing	Average	Closing	Average	Closing
£1 = \$	1.28	1.30	1.27	1.29	1.33	1.27
€1 = \$	1.13	1.17	1.12	1.12	1.18	1.14
C\$ = \$	0.74	0.75	0.75	0.76	0.78	0.76
ILS = \$	0.29	0.29	0.28	0.28	0.28	0.27
INR = \$	0.01	0.01	n/a	n/a	n/a	n/a
CNY = \$	0.14	0.15	n/a	n/a	n/a	n/a
100 JPY = \$	0.93	0.96	1.10	1.08	0.90	0.92

K Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment or whenever there is an indication that the asset may be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each area of operation by each primary reporting segment.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is classified as held for sale, the goodwill associated with the held-for-sale operation is measured based on the relative values of the held-for-sale operation and the portion of the cash-generating unit retained.

b) Computer software

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortized using the straight-line method over their estimated useful lives of three to seven years for perpetual license or based on the agreement for term license.

c) Research and development

Research expenditure is recognized as an expense as incurred in the Consolidated statement of comprehensive income in research and development expenses. Costs incurred on product development projects relating to the developing of new computer software programmes and significant enhancement of existing computer software programmes are recognized as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Only direct costs are capitalized which are the software development employee costs and third-party contractor costs. Product development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Product development costs are amortized from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, typically being three years, and are included in costs of sales in the consolidated statement of comprehensive income.

Consolidated financial statements and notes
Summary of significant accounting policies continued

K Intangible assets continued

d) Intangible assets – arising on business combinations

Other intangible assets that are acquired by the Group as part of a business combination are recognized at their fair value at the date of acquisition, and are subsequently amortized. Amortization is charged to the Consolidated statement of comprehensive income on a straight-line basis over the estimated useful life of each intangible asset. Intangible assets are amortized from the date they are available for use. The estimated useful lives, determined at the acquisition date, will vary for each category of asset acquired and to date are as follows:

Purchased software	Term licence agreement based, generally three to seven years
Technology	Three to 12 years
Trade names	Three to 20 years
Customer relationships	Two to 15 years

Amortization of purchased software intangibles is included in administrative expenses, amortization of purchased technology intangibles is included in cost of sales and amortization of acquired purchased trade names and customer relationships are included in selling and distribution costs in the Consolidated statement of comprehensive income.

L Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Buildings	30 years
Leasehold improvements	Three to 10 years (not exceeding the remaining lease period)
Fixtures and fittings	Two to seven years
Computer equipment	One to five years

Freehold land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Consolidated statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Consolidated statement of comprehensive income.

Property held for sale is measured at the lower of its carrying amount or estimated fair value less costs to sell.

M Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or whenever there is an indication that the asset may be impaired. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows being cash-generating units. Any non-financial assets other than goodwill which have suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Assets that are subject to amortization and depreciation are also reviewed for any possible impairment at each reporting date.

N Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost less provisions for impairment based upon an expected credit loss methodology. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. A provision of the lifetime expected credit loss is established upon initial recognition of the underlying asset and are calculated using historical account payment profiles along with historical credit losses experienced. The loss allowance is adjusted for forward-looking factors specific to the debtor and the economic environment. The amount of the provision is the difference between the asset's carrying amount and the present value of the probability weighted estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the Consolidated statement of comprehensive income.

Consolidated financial statements and notes

Summary of significant accounting policies continued

O Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated statement of financial position.

P Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the Consolidated statement of comprehensive income over the period of borrowing on an effective interest basis.

Q Leases

As disclosed in W ‘Adoption of new and revised International Financial Reporting Standards’ below, the Group applied IFRS 16 “Leases” using the modified retrospective approach for the 12 months ended October 31, 2020 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The detailed accounting policies under IAS 17 and IFRIC 4 are disclosed separately; key differences between IFRS 16 and IAS 17 and IFRIC 4 are described in W ‘Adoption of new and revised International Financial Reporting Standards’.

Lease accounting policy under IFRS 16

As a lessee

When the Group leases an asset a ‘right-of-use asset’ is recognized for the leased item and a lease liability is recognized for any lease payments due over the lease term at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is ‘reasonably certain’ to exercise any extension options (note 19 “Leases”). The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment described in L above. If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the value of the lease payments that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the Group for the relevant portfolio (the rate implicit in the lease is used if it is readily determinable). Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase) or if the Group’s assessment of the lease term changes; any change in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

As a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise, the lease is an operating lease.

Where the Group is an intermediate lessor, the interest in the head lease and the sub-lease is accounted for separately and the lease classification of a sub-lease is determined by reference to the right-of-use asset arising from the head lease.

Income from operating leases is recognized on a straight-line basis over the lease term. Income from finance leases is recognized in full at lease commencement.

Consolidated financial statements and notes
Summary of significant accounting policies continued

Lease policy in the prior periods under IAS 17 and IFRIC 4

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Consolidated statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Operating sub-lease income is recorded as operating income on a straight-line basis over the sub-lease term.

R Taxation

Current and deferred tax are recognized in the Consolidated statement of comprehensive income, except when the tax relates to items charged or credited directly to equity, in which case the tax is also dealt with directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax is recognized based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the Consolidated statement of financial position date.

S Ordinary shares, share premium and dividend distribution

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Dividend distributions to the Company's shareholders are recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognized when they are paid.

Consolidated financial statements and notes
Summary of significant accounting policies continued**T Derivative financial instruments and hedge accounting**

Financial assets and liabilities are recognized in the Group's Consolidated statement of financial position when the Group becomes a party to the contractual provision of the instrument. Trade receivables are non-interest bearing and are initially recognized at fair value and subsequently measured at amortized cost less provisions for impairment based upon an expected credit loss methodology. Trade payables are non-interest bearing and are stated at their fair value. Derivative financial instruments are only used for economic hedging purposes and not as speculative investments.

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which the contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Non-derivative financial instruments, such as Euro borrowings, have also been designated as hedges for Net investments in foreign operations. Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges.

Hedge accounting is permitted under certain circumstances provided the following criteria are met:

- At inception of the hedge, the documentation must include the risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness. Such hedges are expected to be effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine the level of effectiveness.
- The measurement of effectiveness determines the accounting treatment. For effective results, changes in the fair value of the hedging instrument should be recognized in other comprehensive income, while any material ineffectiveness should be recognized in the statement of comprehensive income. If effectiveness testing is not satisfactorily completed, all fair value movements on the hedging instrument should be recorded in the Consolidated statement of comprehensive income. The IFRS 9 hedge accounting requirements are applicable to the interest swaps and net investment hedges that have been designated for hedge accounting.

Hedge accounting is ceased prospectively if the instrument expires or is sold, terminated or exercised; the hedge criteria are no longer met or the forecast transaction is no longer expected to occur.

U Provisions

Provisions for onerous contracts, property restoration costs, restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

V Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by uncertain future events or present obligations that arise from past events where the transfer of economic resources is uncertain or cannot be reliability estimated. Contingent liabilities are not recognized in the consolidated financial statements, except if they arise from a business combination; they are disclosed in the notes to the consolidated financial statements unless the likelihood of an outflow of economic resources is remote.

Consolidated financial statements and notes
Summary of significant accounting policies continued

W Adoption of new and revised International Financial Reporting Standards

Other than as described below, the accounting policies, presentation and methods of calculation adopted are consistent with those of the Annual Report and Accounts for the 12 months ended October 31, 2019, apart from standards, amendments to or interpretations of published standards adopted during the period.

The following standards, interpretations and amendments to existing standards are now effective and have been adopted by the Group. The impacts of applying these policies, except for IFRS 16 “Leases”, which is covered in further detail below, are not considered material:

- IFRIC 23, “Uncertainty over Income Tax Treatments”.
- Amendments to IAS 28 “Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures”, clarifies that IFRS 9 “Financial instruments” applies.
- Amendments to IAS 19 “Employee Benefits”.
- Annual Improvements 2017 includes amendments to IFRS 3, “Business combinations”, IFRS 11 “Joint arrangements” and IAS 12 “Income taxes”.

IFRS 16 “Leases”

IFRS 16 “Leases” establishes the principles that an entity should apply to report useful information to the uses of the financial statements about the nature, amount, timing and uncertainty of leases and cash flows associated with leases. Application of this standard was mandatory for annual reporting periods starting from 1 January 2019 onwards and was adopted by the Group on November 1, 2019. The standard replaced IAS 17 “Leases” and IFRIC 4 “Determining whether an Arrangement contains a lease”. Key changes to the accounting policy previously applied and the impact of adoption this on the financial statement at November 1, 2019 are described below. The Group’s new IFRS 16 accounting policy and previous lease accounting policy under IAS 17 “Leases” are disclosed in Q above.

IFRS 16 “Leases” was adopted with the cumulative retrospective impact reflected as an adjustment to equity on the date of adoption and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The Group has applied the following expedients in relation to the adoption of IFRS 16:

- Arrangements were not reassessed to determine whether they are, or contained, a lease at November 1, 2019. Instead, the Group has applied IFRS 16 to leases that had previously been identified as leases under IAS 17 “Leases” and IFRIC 4 “Determining whether an arrangement contains a lease”;
- Where there is a group of leases with reasonably similar characteristics, a single discount rate has been applied to each lease portfolio;
- The Group impaired the right-of-use asset recognized on adoption by the value of the provisions for onerous leases held under IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” at October 31, 2019 instead of performing a new impairment review for those leases at November 1, 2019;
- The Group excluded initial direct costs from the measurement of the right-of-use asset at November 1, 2019;
- Where the Group measured right-of-use asset as if IFRS 16 had been applied since the inception of the lease, the Group applied hindsight in assessing extension or termination options; and
- Where the Group measured the right-of-use asset at an amount equal to the lease liability at November 1, 2019 lease prepayments and accruals previously recognized under IAS 17 at October 31, 2019 were added to and deducted from, respectively, the value of the right-of-use assets on adoption.

Consolidated financial statements and notes
Summary of significant accounting policies continued**W Adoption of new and revised International Financial Reporting Standards** continued

The key differences between the Group's IAS 17 accounting policy (the 'previous policy' which is disclosed in Q above) and the Group's IFRS 16 accounting policy (which is also provided in Q above), as well as the primary impacts of applying IFRS 16 in the current financial period are disclosed on below.

Primary impacts of applying the IFRS 16 accounting policy

The primary impacts on the Group's financial statements, and the key causes of the movements recorded in the consolidated statement of financial position on November 1, 2019 (see page F-31), as a result of applying the IFRS 16 ('current') accounting policy in place of the previous policy are:

- Under IAS 17, lessees were classified leases as either operating or finance leases. Operating lease costs were expensed on a straight-line basis over the period of the lease. Finance leases resulted in the recognition, in the statement of financial position, of an asset and a corresponding liability for lease payments, at present value. Under IFRS 16 all lease agreements give rise to the recognition of a 'right-of-use asset' representing the right to use the leased item and a liability for any future lease payments (page F-31 and note 19 "Leases") over the 'reasonably certain' period of the lease, which may include future lease periods for which the Group has extension options;
- Lessee accounting under IFRS 16 is similar to finance lease accounting for lessees under IAS 17; lease costs are recognized in the form of depreciation of the right-of-use asset and interest on the lease liability. The incremental borrowing rate of the Group for that lease portfolio is generally used for discounting, although the interest rate implicit in the lease is used when it is readily determinable. Interest charges will typically be higher in the early stages of a lease and will reduce over the term. Lease interest costs are recorded in financing costs and associated cash payments are classified as financing cash flows in the Group's cash flow statement;
- Under IFRS 16 cash inflows from operating activities and payments classified within cash flow from financing activities both increase, as payments made at both lease inception and subsequently are characterized as repayments of lease liabilities and interest. Under IAS 17 operating lease payments were treated as an operating cash outflows. Net cash flow is not impacted by the change in policy; lessor accounting under IFRS 16 is similar to IAS 17. The only substantive change is that when the Group sub-leases right-of-use assets it classifies the lease out as either operating or finance leases by reference to the terms of head lease contract whereas under IAS 17 the classification was determined by reference to the underlying asset leased out. This has resulted in additional finance leases ('net investment in leases') being recognized under IFRS 16 (see page F-31 and net investment in leases in note 14 "Trade and other receivables") as the Group only acts as a lessor in relation to under-utilized property leases;
- The expedients applied at adoption noted above have resulted in the following changes (page F-31);
- reclassifications of lease-related prepayments and accruals at 1 November 2019 to the right-of-use assets where the Group has measured the right-of-use at an amount equal to the liability.
- release of lease-related prepayments and accruals at November 1, 2019 against retained earnings where the Group has measured the right-of-use asset as if IFRS 16 had been applied since inception of the lease.
- re-classification of onerous leases provisions at November 1, 2019 to the right-of-use assets. Provisions remain for any onerous non-rental contracts related to these properties.

During the 12 months ended October 31, 2019, a rental expense of \$65.9 million was charged for operating leases and depreciation and interest of \$15.9 million was charged for finance leases. During the 12 months ended October 31, 2020, depreciation of \$76.9 million and interest of \$13.2 million has been charged in relation to all leases.

Adoption judgements

In adopting, and in the on-going application of, IFRS 16 judgements and estimates were made in relation to the grouping of leases for the purpose of assigning a discount rate and in calculating the discount rates. These judgements and estimates were significant for the Group's IFRS 16 adoption activities but are not considered critical accounting estimates or judgements for the Group as they are not considered to have a significant effect on the amounts recognized in the Group's financial statements.

Consolidated financial statements and notes**Summary of significant accounting policies** continued**Transition disclosures**

The weighted average incremental borrowing rate applied to the Group's lease liabilities recognized in the balance sheet at November 1, 2019 is 4.7%.

The Group's undiscounted operating lease commitments at October 31, 2019 were \$301.2 million; the most significant differences between the IAS 17 lease commitments and the lease liabilities recognized on transition to IFRS 16 are set out below:

	\$m
Operating lease commitments under IAS 17	301.2
Committed leases not commenced ¹	(0.3)
Cost of reasonably certain extensions ¹	1.3
Subtotal	302.2
Effect of discounting on payments included in the calculation of the lease liability (excluding finance lease balances)	(32.4)
Subtotal	269.8
Other ²	23.5
Lease liability opening balance to be reported as at November 1, 2019 (IFRS 16)	293.3

1. Undiscounted.

2. Includes Finance lease liabilities already reported under IAS 17.

Consolidated financial statements and notes
Summary of significant accounting policies continued

W Adoption of new and revised International Financial Reporting Standards continued

The impact of the adoption of IFRS 16 on the consolidated statement of financial position at November 1, 2019 is set out below.

	October 31, 2019 \$m	Impact of adoption of IFRS 16 \$m	November 1, 2019 \$m
Non-current assets			
Goodwill	6,671.3	-	6,671.3
Other intangible assets	5,942.3	(1.8)	5,940.5
Property, plant and equipment	140.5	(25.4)	115.1
Right-of-use assets	-	253.4	253.4
Long-term pension assets	17.1	-	17.1
Contract-related costs	31.5	-	31.5
Other non-current assets	44.0	7.7	51.7
	12,846.7	233.9	13,080.6
Current assets			
Inventories	0.1	-	0.1
Trade and other receivables	1,032.9	0.3	1,033.2
Contract-related costs	19.3	-	19.3
Current tax receivables	40.1	-	40.1
Cash and cash equivalents	355.7	-	355.7
	1,448.1	0.3	1,448.4
Total assets	14,294.8	234.2	14,529.0
Current liabilities			
Trade and other payables	611.0	1.4	612.4
Lease obligations	11.8	74.7	86.5
Provisions	29.3	(4.3)	25.0
Current tax liabilities	104.0	-	104.0
Contract liabilities	1,045.9	-	1,045.9
	1,802.0	71.8	1,873.8
Non-current liabilities			
Contract liabilities	149.9	-	149.9
Borrowings	4,670.7	-	4,670.7
Lease obligations	11.7	195.1	206.8
Derivative liability	36.5	-	36.5
Retirement benefit obligations	141.4	-	141.4
Provisions	49.1	(12.4)	36.7
Other non-current liabilities	50.4	(10.1)	40.3
Current tax liabilities	119.7	-	119.7
Deferred tax liabilities	987.1	(1.8)	985.3
	6,216.5	170.8	6,387.3
Total liabilities	8,018.5	242.6	8,261.1
Net assets	6,276.3	(8.4)	6,267.9
Capital and reserves			
Share capital	47.2	-	47.2
Share premium account	44.0	-	44.0
Merger reserve	1,739.8	-	1,739.8
Capital redemption reserve	2,485.0	-	2,485.0
Hedging reserve	(29.6)	-	(29.6)
Retained earnings	2,250.7	(8.4)	2,242.3
Foreign currency translation deficit	(262.1)	-	(262.1)
Total equity attributable to owners of the parent	6,275.0	(8.4)	6,266.6
Non-controlling interests	1.3	-	1.3
Total equity	6,276.3	(8.4)	6,267.9

Consolidated financial statements and notes
Summary of significant accounting policies continued

W Adoption of new and revised International Financial Reporting Standards continued

Interpretations and amendments

The following interpretations and amendments to existing standards are not yet effective and have not been adopted early by the Group:

Effective for periods commencing after January 1, 2020/2021:

- Amendments to References to the Conceptual Framework in IFRS Standards - Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to the revised the Conceptual Framework, effective for accounting periods beginning after January 1, 2020. EU endorsed November 29, 2019.
- Amendments to IFRS 3 Business Combinations, effective January 1, 2020 clarify the definition of a business in acquisitions. EU endorsed January 15, 2020.
- Amendments to IAS1 and IAS 8: guidance on the definition of material, effective January 1, 2020 and endorsed by the EU on November 29, 2019.
- Amendments to IFRS9, IAS 39, IFRS 7, IFRS 16 and IFRS 4: Interest rate benchmark reforms. Phase 1 effective January 1, 2020 and EU endorsed covers hedge accounting impacts and discontinuance exemptions, while Phase 2 effective January 2021 covers further disclosures on transition to a new benchmark, EU endorsed January 14, 2021.

Effective for periods commencing after January 1, 2022:

- Annual Improvements cycle 2018-2020 includes relevant amendments clarifying capitalization of transaction fees/ inclusion of specific fees in modification/extinguishment test within IFRS 9 Financial Instruments, subject to EU endorsement. Other included improvement in IFRS 1 (First time adoption) and IAS 41 (agriculture) are not applicable to the Group.
- Amendments to IFRS 3 Business combinations, IAS 16 “Property, plant and equipment” and IAS 37 “Provisions, Contingent assets and Contingent liabilities” are all subject to EU endorsement.
- Amendments to IAS 37 “Provisions, Contingent assets and liabilities” – guidance on costs in fulfilling onerous contracts, subject to EU endorsement

Effective for periods commencing after January 1, 2023, all subject to EU endorsement:

- Amendments to IAS 1 “Presentation of financial statements”. Amendment is presentational relates to the classification of liabilities current and non-current.
- Amendments to IFRS 17 “Insurance contracts”. Rent concessions is not relevant for the Group.

The impact of the amendments and interpretations listed above are not expected to have a material impact on the consolidated financial statements.

Consolidated financial statements and notes
Summary of significant accounting policies continued**II Critical accounting estimates, assumptions and judgements**

In preparing these consolidated financial statements, the Group has made its best estimates and judgements of certain amounts included in the financial statements, giving due consideration to materiality. The Group regularly reviews these estimates and updates them as required. The Group has reviewed its critical accounting estimates, assumptions and judgements considering the impact of COVID-19 and no new critical accounting estimates, assumptions and judgements were identified. COVID-19 has increased the level of uncertainty in making the estimations required in relation to the potential impairment of goodwill and other intangible assets and retirement benefit obligations. Sensitivity analysis of these estimates, including the impact of COVID-19, are included in note 10 “Goodwill” and note 22 “Pension commitments”. COVID-19 has been assessed as having no material impact on the remaining critical estimates, assumptions and judgements disclosed below. Following the adoption of IFRS 16 “Leases” in the current year lease term has been determined as being a critical accounting judgement.

Actual results could differ from these estimates. Unless otherwise indicated, the Group does not believe that there is a significant risk of a material change to the carrying value of assets and liabilities within the next financial year related to the accounting estimates and assumptions described below. The Group considers the following to be a description of the most significant estimates and judgements, which require the Group to make subjective and complex judgements and matters that are inherently uncertain.

Critical accounting estimates**A Potential impairment of goodwill and other intangible assets**

Each year, or whenever there are changes in circumstances indicating that the carrying amounts may not be recoverable, the Group carries out impairment tests of goodwill and other assets which require estimates to be made of the value in use of its CGUs. These value in use calculations are dependent on estimates of future cash flows including long-term growth rates, the average annual revenue growth rate by product group and an appropriate discount rate to be applied to future cash flows. Further details on these estimates and sensitivity of the carrying value of goodwill to the discount rate, the average annual revenue growth rate by product group and the long-term growth rate are provided in note 10 “Goodwill”.

B Retirement benefit obligations

The valuation of retirement benefit obligations is dependent upon a number of assumptions that are estimated at the year end date, including estimates of mortality rates, inflation, salary growth rates and the rate at which scheme liabilities are discounted. Further detail on these estimates and the sensitivity of the carrying value of the defined benefit obligation to these is provided in note 22 “Pension commitments”.

Critical accounting judgements**C Revenue recognition**

Revenue recognition requires significant use of management judgement to produce financial information. The most significant accounting judgement in applying IFRS 15 are the identification of performance obligations and the determination of the transaction price when the contract contains variable considerations.

Judgement is required to (i) identify each distinct performance obligation requiring separate recognition in a multi element contract (e.g. licence, maintenance, material rights for option to acquire additional products or services at discounted prices), and (ii) allocate the transaction price to the various performance obligations. This judgment impacts the timing of revenue recognition, as certain performance obligations are recognized at a point in time and others are recognized over the life of the contract, as explained in Accounting Policy D “Revenue recognition”, and therefore the judgement impacts the quantum of revenue and profit recognized in a period.

D Exceptional item classification

The Group classifies items as exceptional in line with Accounting Policy H “Exceptional items”. The classification of these items as an exceptional is a matter of judgement. This judgement is made by management after evaluating each item deemed to be exceptional against the criteria set out within the defined accounting policy.

Consolidated financial statements and notes
Summary of significant accounting policies continued

II Critical accounting estimates, assumptions and judgements continued

E Provision for income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes including structuring activities undertaken by the Group and the application of complex transfer pricing rules. The Group recognizes liabilities for anticipated settlement of tax issues based on judgements of whether additional taxes will be due. Significant issues may take several periods to resolve. In making judgements on the probability and amount of any tax charge, management takes into account:

- Status of the unresolved matter;
- Strength of technical argument and clarity of legislation;
- External advice;
- Resolution process, past experience and precedents set with the particular taxing authority;
- Agreements previously reached in other jurisdictions on comparable issues; and
- Statute of limitations

Key judgements in the year were related to the EU state aid and UK tax authority challenge in respect of prior periods. Based on their assessment, the directors have concluded that no additional material tax provisions are required with regards to these matters (note 7 “Taxation”).

The ultimate tax liability may differ from the amount provided depending on interpretations of tax law, settlement negotiations or changes in legislation. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. There is not a significant risk that any estimate associated with the provision for income taxes will result in a material change within the next 12 months.

F Lease term

Where leases include additional optional periods after an initial lease term, significant judgement is required in determining whether these optional periods should be included when determining the lease term. As a lessee, optional periods are included in the lease term if the Group is reasonably certain it will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of all relevant facts and circumstances including the leased asset’s nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset. Where it is impractical or uneconomic to replace then the Group is more likely to judge that lease extension options are reasonably certain to be exercised.

Where extension options are included in the lease term the greater will be the value of the right-of-use asset and lease liability recognized. The normal approach adopted for lease term by asset class is described below.

The lease terms can vary significantly by type and use of asset and geography. In addition, the exact lease term is subject to the non-cancellable period and rights and options in each contract. Generally, lease terms are judged to be the longer of the minimum lease term and:

- Up to five years for offices, unless the non-cancellable period exceeds this, with optional extension periods only included in leases expiring in the earlier part of this period and where clear plans to extend the leases are already in place; and
- Up to three years for data centres with optional extensions periods, where they exist, included for leases expiring in the next year and for which relocation of the assets located in the data centre is considered uneconomic.

For vehicle leases the minimum lease term, typically three to four years, is judged to be the lease term. Extension options for vehicles are not considered reasonably certain as the assets are not highly customized or difficult to replace.

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1 Segmental reporting

In accordance with IFRS 8 “Operating Segments”, the Group has derived the information for its segmental reporting using the information used by the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance. The Chief Operating Decision Maker (“CODM”) is defined as the Operating Committee.

On July 2, 2018, the Group announced the proposed sale of SUSE, one of the Group’s two historical operating segments, approved by the shareholders on August 21, 2018. As a result, for management purposes, following the agreement to dispose of the SUSE business, which is presented as a discontinued operation, the Group is organized into a single reporting segment comprising the Micro Focus Product Portfolio. Consistent with this the Chief Executive Officer of SUSE, Nils Brauckmann, stepped down from the Board on July 11, 2018 to concentrate on the sale. As such, the CODM from July 11, 2018 consisted of the Executive Chairman, the Chief Executive Officer and the Chief Financial Officer.

For the 12 months to October 31, 2019, the CODM consisted of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Vice President Strategy and Planning and the Chief HR Officer. With the disposal of the SUSE business completed, the Group is organized into a single reporting segment.

For the 12 months ended October 31, 2020, the Operating Committee consisted of the Chief Executive Officer, the Chief Financial Officer, Chief Operating Officer, Chief HR Officer and Vice President Business Operations and the Chief Legal Officer. The Group is organised into a single reporting segment.

The Group’s segment under IFRS 8 is:

Micro Focus Product Portfolio – The Micro Focus Product Portfolio segment contains mature infrastructure software products that are managed on a portfolio basis akin to a “fund of funds” investment portfolio. This portfolio is managed with a single product group that makes and maintains the software, whilst the software is sold and supported through a geographic Go-to-Market organization. The products within the existing Micro Focus Product Portfolio are grouped together into five sub-portfolios based on industrial logic and management of the Micro Focus sub-portfolios: Application Modernization & Connectivity, Application Delivery Management, IT Operations Management, Security and Information Management & Governance.

The segmental reporting is consistent with that used in internal management reporting and the profit measure used by the Operating Committee is Adjusted EBITDA.

	Note	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Reconciliation to Adjusted EBITDA:				
(Loss)/profit before tax		(2,940.4)	(34.1)	34.1
Finance costs	6	281.6	282.4	350.4
Finance income	6	(2.6)	(26.6)	(7.7)
Depreciation of property, plant and equipment	12	42.0	66.5	88.6
Right-of-use asset depreciation		76.9	-	-
Amortization of intangible assets	11	674.1	716.5	903.1
Exceptional items (reported in Operating (loss)/profit)	4	3,011.6	294.2	538.2
Share-based compensation charge	29	17.0	68.8	64.3
Product development intangible costs capitalized	11	(16.2)	(16.5)	(44.4)
Foreign exchange credit	3	29.7	11.3	(37.4)
Adjusted EBITDA		1,173.7	1,362.5	1,889.2

For the reportable segment, the total assets were \$11,146.8 million (2019: \$14,294.8 million) and the total liabilities were \$7,931.7 million (2019: \$8,018.5 million) as at October 31, 2020. No measure of total assets and total liabilities has been reported for the 18 months ended October 31, 2018 as these were not regularly provided to the CODM.

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2 Supplementary information

Analysis by geography

The Group is domiciled in the UK. The Group's total segmental revenue from external customers by geographical location is detailed below:

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
UK	173.0	206.9	299.6
USA	1,289.8	1,523.0	2,279.8
Germany	218.7	220.7	309.5
Canada	108.0	115.9	178.4
France	101.4	123.3	195.5
Japan	96.9	108.6	145.8
Other	1,013.2	1,050.0	1,345.9
Total	3,001.0	3,348.4	4,754.4

The total of non-current assets other than financial instruments and deferred tax assets as at October 31, 2020 located in the USA is \$3,301.0 million (October 31, 2019: \$4,623.0 million ; October 31, 2018: \$5,145.8 million) the total in the non-USA is \$6,304.0 million (October 31, 2019: \$8,192.2 million ; October 31, 2018: \$8,488.3 million). They exclude trade and other receivables, derivative financial instruments and deferred tax.

Analysis of revenue from contracts with customers

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Revenue from contracts with customers	3,001.0	3,348.4	4,754.4
Being:			
Recognized over time:			
Maintenance revenue	1,920.8	2,051.6	2,818.9
SaaS & other recurring revenue	245.3	278.9	365.1
	2,166.1	2,330.5	3,184.0
Recognized at point in time:			
Licence revenue	646.5	800.0	1,206.1
Consulting revenue	188.4	217.9	364.3
	834.9	1,017.9	1,570.4
Total Revenue	3,001.0	3,348.4	4,754.4

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2 Supplementary information continued

Analysis of revenue by product

Set out below is an analysis of revenue recognized between the principal Product Portfolios for the 12 months ended October 31 2020 with comparatives:

12 months ended October 31, 2020:

	Licence \$m	Maintenance \$m	SaaS & other recurring \$m	Consulting \$m	Total \$m
Application Modernization & Connectivity	138.6	321.6	-	10.1	470.3
Application Delivery Management	102.0	439.2	73.9	15.9	631.0
IT Operations Management	175.1	559.4	4.6	113.9	853.0
Security	162.6	416.8	33.6	33.1	646.1
Information Management & Governance	68.2	184.2	133.4	15.4	401.2
Subtotal	646.5	1,921.2	245.5	188.4	3,001.6
Deferred revenue haircut	-	(0.4)	(0.2)	-	(0.6)
Total Revenue	646.5	1,920.8	245.3	188.4	3,001.0

12 months ended October 31, 2019:

	Licence \$m	Maintenance \$m	SaaS & other recurring \$m	Consulting \$m	Total \$m
Application Modernization & Connectivity	170.9	326.1	-	11.7	508.7
Application Delivery Management	130.3	485.4	87.8	18.2	721.7
IT Operations Management	237.5	645.8	11.0	127.5	1,021.8
Security	185.7	416.7	35.0	43.9	681.3
Information Management & Governance	75.6	183.6	145.9	16.6	421.7
Subtotal	800.0	2,057.6	279.7	217.9	3,355.2
Deferred revenue haircut	-	(6.0)	(0.8)	-	(6.8)
Total Revenue	800.0	2,051.6	278.9	217.9	3,348.4

18 months ended October 31, 2018:

	Licence \$m	Maintenance \$m	SaaS & other recurring \$m	Consulting \$m	Total \$m
Application Modernization & Connectivity	256.3	497.6	-	17.9	771.8
Application Delivery Management	185.5	646.7	114.1	41.6	987.9
IT Operations Management	363.1	869.9	15.1	192.8	1,440.9
Security	291.6	580.2	41.6	81.4	994.8
Information Management & Governance	117.2	267.2	203.1	32.6	620.1
Subtotal	1,213.7	2,861.6	373.9	366.3	4,815.5
Deferred revenue haircut	(7.6)	(42.7)	(8.8)	(2.0)	(61.1)
Total Revenue	1,206.1	2,818.9	365.1	364.3	4,754.4

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3 Profit/(loss)before tax

The (loss)/profit before tax is stated after charging/(crediting) the following operating costs/(gains) classified by the nature of the costs/(gains):

		12 months ended October 31, 2020	12 months ended October 31, 2019	18 months ended October 31, 2018
	Note	\$m	\$m	\$m
Staff costs	29	1,344.4	1,409.0	2,095.0
Depreciation of property, plant and equipment:	12	42.0	52.6	71.2
Depreciation of right-of-use assets (2019 and 2018: finance lease depreciation) ¹	19	76.9	13.9	17.4
Loss on disposal of property, plant and equipment	12	5.6	3.6	4.7
Amortization of intangibles	11	674.1	716.5	903.1
Operating lease rentals payable ¹ :				
- plant and machinery		-	7.0	8.8
- property		-	58.9	85.3
Provision for receivables impairment (release)/charge	14	(4.8)	16.0	40.0
Foreign exchange loss/(gain) on derivative financial instruments		21.8	(6.9)	-
Foreign exchange loss/(gain)		7.9	18.2	(37.4)

¹ \$13.9 million and \$17.4 million of depreciation on leased assets was included in depreciation of property, plant and equipment in the 12 months ended October 31, 2019 and the 18-months ended October 31, 2018 respectively. No depreciation in relation to leased assets is included in depreciation of property, plant and equipment in the period as all leased assets are classified as right-of-use assets following the adoption of IFRS 16.

4 Exceptional items

		12 months ended October 31, 2020	12 months ended October 31, 2019	18 months ended October 31, 2018
	Note	\$m	\$m	\$m
Reported within Operating (loss)/profit:				
Integration costs		152.6	245.9	279.0
Pre-acquisition costs		-	-	43.0
Acquisition costs		0.2	1.5	27.1
Property-related costs		15.2	16.3	38.1
Severance and legal costs		33.7	32.1	129.7
Other restructuring costs		10.7	-	-
Divestiture		-	2.1	21.3
Goodwill impairment		2,799.2	-	-
Gain on disposal of Atalla		-	(3.7)	-
		3,011.6	294.2	538.2
Reported within finance costs:				
Finance costs incurred in escrow period		-	-	6.4
Reported within finance income:				
Finance income earned in escrow period		-	-	(0.6)
		-	-	5.8
Exceptional costs before tax		3,011.6	294.2	544.0
Tax:				
Tax effect of exceptional items		(38.7)	(54.3)	(105.9)
Tax exceptional item		-	-	(692.3)
		(38.7)	(54.3)	(798.2)
Reported within profit from discontinued operation (attributable to equity shareholders of the Company):				
Loss/(gain) on disposal of discontinued operation	32	2.2	(1,458.5)	-
Exceptional costs/(profit) after tax		2,975.1	(1,218.6)	(254.2)

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4 Exceptional items continued

Exceptional items are allocated to the financial statement lines (for example: cost of sales) in the Consolidated statement of comprehensive income based on the nature and function of the costs; for example restructuring costs related to employees are classified where their original employment costs are recorded.

Integration costs

Integration costs of \$152.6 million for the 12 months ended October 31, 2020 (2019: \$245.9 million) reflect the IT design, build and migration onto a single IT platform and a wide range of projects undertaken to conform, simplify and increase efficiency across the business. Integration costs of \$279.0 million in the 18 months ended October 31, 2018 arose mainly from the work done to integrate Serena, GWAVA and the HPE Software business into the Micro Focus business.

Pre-acquisition costs

There were no pre-acquisition costs for the 12 months to October 31, 2020. Pre-acquisition costs of \$43.0 million for the 18 months ended October 31, 2018 related to the evaluation of the acquisition of HPE Software business which was announced in October 2016 and was completed on September 1, 2017. The costs related to due diligence work, legal work on the acquisition agreements, professional advisors on the transaction and pre-integration costs.

Acquisition costs

Acquisition costs of \$0.2 million in the 12 months ended October 31, 2020 relate to the acquisition of Atar Labs. The acquisition costs of \$1.5 million the 12 months ended October 31, 2019 related to the acquisition of Intersect Software Inc (note 33). The acquisition costs in the 18 months ended October 31, 2018 of \$27.1 million included external costs in completing the acquisition of the HPE Software business and costs relating to the acquisition of COBOL-IT SAS. The external costs mainly relate to due diligence work, legal work on the acquisition agreements and professional advisors on the transaction.

Property-related costs

Property-related costs of \$15.2 million for the 12 months ended October 31, 2020 (2019: \$16.3 million; 2018: \$38.1 million) relate to the impairment or amendment to the impairments of right-of-use assets for empty or sublet properties held by the Group, any related onerous non-rental costs and the cost of site consolidations as the Group simplifies its real estate footprint as a result of the acquisition of HPE Software or other significant restructuring projects.

Severance and legal costs

Severance and legal costs of \$33.7 million for the 12 months ended October 31, 2020 (2019: \$32.1 million; 2018: \$129.7 million) and relate mostly to termination costs for employees as the Group continues to remove duplication and simplify the continuing operations as a result of the acquisition of HPE Software.

Other restructuring costs

Other restructuring costs of \$10.7 million for the 12 months ended October 31, 2020 (2019: \$nil; 2018: \$nil) relates to the costs of implementing the initiatives included in the Strategic & Operational Review.

Divestiture

Divestiture costs of \$2.1 million for the 12 months ended October 31, 2019 related mostly to employee activities (2018: \$21.3 million) involved in the disposal of the SUSE business completed in 2019.

Goodwill impairment

A goodwill impairment charge of \$2,799.2 million was made in the 12 months ended October 31, 2020 (2019: \$nil), see note 10 for additional information.

Gain on disposal of Atalla

The non-recurring gain on disposal of \$3.7 million for the 12 months ended October 31, 2019 (2018: \$nil) related to Atalla business disposal.

Finance income and finance costs

Finance costs of \$6.4 million and finance income of \$0.6 million for the 18 months ended October 31, 2018 related to interest (charged and gained) on additional term loan facilities drawn down in relation to the acquisition of the HPE Software business, between the date the facilities were drawn into escrow and the acquisition date. No such income or costs arose in the 12 months ended October 31, 2019 or 12 months ended October 31, 2020.

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4 Exceptional items continued

Tax effect of exceptional items

The tax effect of exceptional items on the income statement is a credit of \$38.7 million for the 12 months ended October 31, 2020 (2019: \$54.3 million credit; 2018: \$798.2 million credit). The exceptional tax credit of \$692.3 million in the 18 months ended October 31, 2018 related to the impact of US tax reforms, comprised of a credit of \$930.6 million in respect of the re-measurement of deferred tax liabilities and a transition tax charge of \$238.3 million payable over eight years.

Loss/(gain) on disposal of discontinued operation

The loss on the disposal of discontinued operation of \$2.2 million (2019: gain \$1,458.5 million) in the 12 months ended October 31, 2020 related to conclusion of the working capital settlement on the disposal of the SUSE business and adjustments in respect of income tax balances owed in respect of pre-transaction periods.

5 Services provided by the Group's auditors and network of firms

During the 12 months ended October 31, 2020, the Group obtained the following services from the Group's auditors as detailed below:

	12 months ended October 31, 2020	12 months ended October 31, 2019	18 months ended October 31, 2018
	\$m	\$m	\$m
Audit of Company	7.2	12.8	12.2
ICOFR audit	2.7	3.0	-
Audit of subsidiaries	2.9	3.9	1.9
Total audit	12.8	19.7	14.1
Audit-related assurance services	0.6	0.6	0.9
Other assurance services	-	-	0.7
Total assurance services	0.6	0.6	1.6
Tax compliance services	-	-	0.2
Tax advisory services	-	0.1	0.2
Services relating to taxation	-	0.1	0.4
Other non-audit services	-	-	0.1
Total	13.4	20.4	16.2

Of the audit-related assurance services engagements undertaken in the 12 months ended October 31, 2020 none (2019: none) were considered to be significant.

Audit related assurance services in the 18 months ended October 31, 2018 relate primarily to the additional audit procedures performed on the Micro Focus International plc financial statements that are included in US filings and two interim reviews.

Other assurance services in the 18 months ended October 31, 2018 relate primarily to the auditor's assurance work in relation to the SUSE divestiture and licence verification compliance work.

The remaining non-audit services in the period included a limited amount of tax compliance and tax advice.

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6 Finance income and finance costs

	Note	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Finance costs				
Interest on bank borrowings		176.1	225.4	276.5
Commitment fees		1.7	1.9	3.3
Amortization of facility costs and original issue discounts		58.0	46.7	60.4
Finance costs on bank borrowings		235.8	274.0	340.2
Net interest expense on retirement obligations	22	1.8	2.4	2.8
Interest on lease liabilities	19	13.2	2.0	2.7
Interest rate swaps: cash flow hedges		23.7	-	3.4
Other		7.1	4.0	1.3
Total		281.6	282.4	350.4
		12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Finance income				
Bank interest		2.4	16.3	3.6
Interest on non-plan pension assets	22	0.2	0.3	0.6
Interest rate swaps: cash flow hedges		-	9.9	-
Other		-	0.1	3.5
Total		2.6	26.6	7.7
Net finance cost		279.0	255.8	342.7
Included within exceptional items				
Finance costs incurred in escrow period		-	-	6.4
Finance income earned in escrow period		-	-	(0.6)
		-	-	5.8

7 Taxation

A Taxation in the Consolidated statement of comprehensive income

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Current tax			
Current year	175.4	163.9	245.8
Adjustments to tax in respect of previous periods	7.8	(35.3)	(14.7)
	183.2	128.6	231.1
Deferred tax			
Origination and reversal of temporary differences	(195.3)	(139.7)	26.4
Adjustments to tax in respect of previous periods	10.7	24.5	1.2
Previously unrecognized temporary differences	-	(29.4)	-
Impact of changes in tax rates	35.6	-	(931.8)
	(149.0)	(144.6)	(904.2)
Total tax charge/(credit)	34.2	(16.0)	(673.1)

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7 Taxation continued

For the 12 months ended October 31, 2020, a deferred tax charge of \$1.5 million (2019: \$7.6 million debit; 18 months ended October 31, 2018: \$23.7 million debit) and \$0.1 million current tax credit (2019: \$13.1 million credit; 18 months ended October 31, 2018: \$4.1 million credit) have been recognized in equity in relation to share options.

A deferred tax credit of \$1.8 million has been booked on initial adoption of IFRS 16 “Leases” in retained earnings. A current tax credit of \$7.8 million (2019: \$23.3 million credit; 18 months ended October 31, 2018: \$16.4 million debit) has been recognized in the hedging reserve (note 27). There is also a deferred tax credit of \$11.1 million in relation to the currency translation differences. In addition, a deferred tax charge of \$5.0 million (2019: \$13.0 million credit; 18 months ended October 31, 2018: \$4.3 million credit) has been recognized in the Consolidated statement of comprehensive income in relation to defined benefit pension schemes and a deferred tax charge of \$8.7 million (2019: \$14.0 million; 18 months ended October 31, 2018: \$nil) in relation to foreign exchange movements on intangibles.

The tax charge for the 12 months ended October 31, 2020 is higher than the standard rate of corporation tax in the UK of 19.00% (12 months ended October 31, 2019: 19.00%; 18 months ended October 31, 2018: 19.00%). The differences are explained below:

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
(Loss)/profit before taxation	(2,940.4)	(34.1)	34.1
Tax at UK corporation tax rate 19.00% (2019: 19.00% , 2018: 19.00%)	(558.7)	(6.5)	6.5
Effects of:			
Tax rates other than the UK standard rate	(78.0)	(4.4)	17.8
Intra-Group financing	(21.0)	(42.8)	(52.5)
Innovation tax credit benefits	(31.8)	(13.5)	(21.4)
Interest restrictions	-	-	31.8
US foreign inclusion income	20.4	43.7	39.0
Share options	4.1	7.1	10.2
US transition tax	-	-	238.3
Movement in deferred tax not recognized	11.1	14.4	7.3
Previously unrecognized temporary differences	-	(29.4)	-
Impact of rate changes	35.6	-	(931.9)
Goodwill impairment	592.8	-	-
Expenses not deductible and other permanent differences	41.2	26.2	(4.7)
	15.7	(5.2)	(659.6)
Adjustments to tax in respect of previous periods:			
Current tax	7.8	(35.3)	(14.7)
Deferred tax	10.7	24.5	1.2
	18.5	(10.8)	(13.5)
Total taxation	34.2	(16.0)	(673.1)

A change to the main UK corporation tax rate, announced in the Budget on March 11, 2020, was substantively enacted for IFRS purposes on March 17, 2020. Hence, the rate applicable from April 1, 2020 now remains at 19% rather than the previously enacted reduction to 17%. The Group has remeasured its UK deferred tax assets and liabilities at the end of the reporting period at the rate of 19%. The impact of this and other changes in rate across the Group has resulted in the recognition of a deferred tax credit of \$35.6 million in the income statement.

The Group continues to benefit from the UK’s Patent Box regime, US R&D tax credits and other innovation-based tax credits offered by certain jurisdictions, the benefit for the 12 months ended October 31, 2020 being \$31.8 million (2019: \$13.5 million; 18 months ended October 31, 2018: \$21.4 million). The Group realized benefits in relation to intra-Group financing of \$21.0 million for the 12 months ended October 31, 2020 (2019: \$42.8.million; the 18 months ended October 31, 2018: \$52.5 million). The benefits mostly relate to arrangements put in place to facilitate the acquisition of the HPE Software business.

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7 Taxation continued

US foreign inclusion income of \$20.4 million arising in the 12 months ended October 31, 2020 (2019: \$43.7 million; 18 months ended October 31, 2018: \$39.0 million) is largely driven by new US tax legislation introduced as part of US tax reforms in 2018.

The Group recognized a net overall charge in respect of share options due to deferred tax credits arising on options held at the balance sheet date being lower than the current tax charge because of the terms of the options.

The expenses not deductible and other permanent differences charge of \$41.2 million (2019: \$26.2 million charge; 18 months ended October 31, 2018: \$4.8 million credit) included \$4.6 million in relation to uncertain tax positions and \$6.5 million related to irrecoverable withholding tax.

The Group realized a net charge in relation to the true-up of prior period, current and deferred tax estimates of \$18.5 million for the 12 months ended October 31, 2020 (2019: \$10.8 million credit; 18 months ended October 31, 2018: \$13.5 million).

The Group's tax charge is subject to various factors, many of which are outside the control of the Group, including changes in local tax legislation, and specifically changes President Biden will seek to introduce and global tax reform as governments respond to COVID-19, the OECD's Base Erosion and Profit Shifting project and the consequences of Brexit.

In April 2019, the European Commission published its final decision on its state aid investigation into the UK's 'Financing Company Partial Exemption' legislation and concluded that part of the legislation is in breach of EU State Aid rules. Similar to other UK based international groups that have acted in accordance with the UK legislation in force at the time, the Group may be affected by the finding and is monitoring developments. The UK government and UK-based international companies, including the Group, have appealed to the General Court of the European Union against the decision. The UK government is required to start collection proceedings and on February 5, 2021, State Aid charging notices (excluding interest) were received from HM Revenue and Customs totaling \$45.2 million. In addition, there has been a challenge from the UK Tax Authorities into the historic financing arrangements of the Group. Based on its current assessment and supported by external professional advice, the Group consider that the maximum liability of both of these items to be \$60 million. Based on its current assessment and also supported by external professional advice, the Group believes that no provision is required in respect of these issues. No additional liability should accrue in future periods in respect of these matters, following (i) an amendment of the UK legislation affected by the EU Commission finding on January 1, 2019, to be compliant with EU law, and (ii) the unwind of the financing company arrangements in question.

B Current tax receivables

	October 31, 2020	October 31, 2019
	\$m	\$m
Corporation tax	45.3	40.1

The current tax receivable at October 31, 2020 is \$45.3 million (2019: \$40.1 million).

C Current tax liabilities

	October 31, 2020	October 31, 2019
	\$m	\$m
Corporation tax	150.1	104.0

The current tax creditor at October 31, 2020 is \$150.1 million (2019: \$104.0 million). The current tax creditor includes liabilities in respect of uncertain tax positions, net of overpayments.

Within current tax liabilities is \$84.8 million (2019: \$78.3 million) in respect of the Group income tax reserve, the majority of which relates to the risk of challenge from the local tax authorities. Aside from the impact of any change in judgement as the State Aid and UK tax authority challenges progress, which is discussed above, the Group does not anticipate that there will be any material change to these provisions in the next 12 months. Due to the uncertainty associated with such tax items, it is possible that at a future date, on conclusion of open tax matters, the final outcome may vary significantly.

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7 Taxation continued

D Non-current tax liabilities

	October 31, 2020 \$m	October 31, 2019 \$m
Corporation tax	102.7	119.7

The non-current tax creditor is \$102.7 million (2019: \$119.7 million). The non-current creditor reflects the US transition tax payable more than 12 months after the balance sheet date.

E Deferred tax

	Note	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m
Net Deferred tax liability			
At November 1		(987.1)	(1,170.5)
Credited to consolidated statement of comprehensive income:		147.9	188.7
- Continuing operations	7A	149.0	156.4
- Discontinued operation		(1.1)	32.3
Debited directly to equity in relation to share options		(1.5)	(7.6)
(Debited)/credited to other comprehensive income:		(2.5)	27.0
Impact of adoption of IFRS 9		-	4.4
Impact of adoption of IFRS 15		-	(17.3)
Impact of adoption of IFRS 16		1.8	-
Foreign exchange adjustment		0.3	(11.8)
At October 31		(841.1)	(987.1)

Deferred tax assets and liabilities below are presented net where there is a legally enforceable right to offset and the intention to settle on a net basis.

Deferred tax assets

	Tax losses and interest restrictions \$m	Share based payments \$m	Deferred revenue \$m	Tax credits \$m	Intangible fixed assets \$m	Other temporary differences \$m	Research and Development \$m	Total \$m
At November 1, 2019	100.5	5.0	108.6	6.8	-	88.6	-	309.5
Transferred from deferred tax liabilities	-	-	-	-	-	-	13.6	13.6
Credited/(charged) to consolidated statement of comprehensive income – continuing operations	33.0	(2.7)	(18.1)	9.5	0.2	(24.4)	72.9	70.4
Credited to consolidated statement of comprehensive income – discontinued operation	-	-	-	-	-	(1.1)	-	(1.1)
Credited directly to equity	-	(1.5)	-	-	-	-	-	(1.5)
Debited to other comprehensive income	-	-	-	-	-	6.2	-	6.2
Foreign exchange adjustment	-	-	-	-	(0.2)	0.4	-	0.2
Subtotal	133.5	0.8	90.5	16.3	-	69.7	86.5	397.3
Jurisdictional offsetting								(397.3)
At October 31, 2020								-

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7 Taxation continued

E Deferred tax continued

	Tax losses and interest restrictions \$m	Share based payments \$m	Deferred revenue \$m	Prepaid royalty \$m	Tax credits \$m	Intangible fixed assets \$m	Other temporary differences \$m	Total \$m
At November 1, 2018	26.6	17.4	119.9	41.9	29.7	3.0	70.8	309.3
Credited/(charged) to consolidated statement of comprehensive income – continuing operations	73.9	(5.1)	(12.0)	(41.9)	(22.9)	(3.0)	12.7	1.7
Credited/(charged) to consolidated statement of comprehensive income – discontinued operation	-	-	0.7	-	-	-	(12.3)	(11.6)
Credited directly to equity	-	(7.6)	-	-	-	-	-	(7.6)
Debited to other comprehensive income	-	-	-	-	-	-	13.0	13.0
Foreign exchange adjustment	-	0.3	-	-	-	-	-	0.3
Impact of adoption of IFRS 9	-	-	-	-	-	-	4.4	4.4
Subtotal	100.5	5.0	108.6	-	6.8	-	88.6	309.5
Jurisdictional offsetting								(309.5)
At October 31, 2019								-

A deferred tax charge to equity of \$1.5 million (2019: \$7.6 million) arises during the period in relation to share-based payments. The change is primarily due to the decrease in the Group's share price during the 12 months ended October 31, 2020.

The deferred tax asset relating to other temporary differences of \$69.7 million as at October 31, 2020 (2019: \$88.6 million) has decreased during the year primarily due to the reversal of various short-term temporary timing differences. Deferred tax assets are recognized in respect of tax losses carried forward to the extent that the realization of the related tax benefit through the utilization of future taxable profits is probable.

Deferred tax assets

The Group did not recognize deferred tax assets in relation to the following gross temporary differences, the expiration of which is determined by the tax law of each jurisdiction:

	Expiration: 2021 \$m	2022 \$m	2023 \$m	2024 \$m	2025 \$m	Thereafter \$m	No expiry \$m	Total \$m
At October 31, 2020								
Type of temporary difference:								
Losses	5.0	11.9	23.7	43.4	13.3	2,226.7	50.7	2,374.7
Credits	3.5	3.1	1.8	1.4	0.7	5.5	45.4	61.4
Other	-	-	-	-	-	88.4	23.9	112.3
Total	8.5	15.0	25.5	44.8	14.0	2,320.6	120.0	2,548.4
	Expiration: 2020 \$m	2021 \$m	2022 \$m	2023 \$m	2024 \$m	Thereafter \$m	No expiry \$m	Total \$m
At October 31, 2019								
Type of temporary difference:								
Losses	56.3	99.2	40.1	33.6	41.8	2,191.6	50.7	2,513.3
Credits	3.5	3.6	2.1	1.3	0.7	1.7	28.9	41.8
Other	-	-	-	-	-	-	23.9	23.9
Total	59.8	102.8	42.2	34.9	42.5	2,193.3	103.5	2,579.0

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7 Taxation continued

E Deferred tax continued

Deferred tax liabilities

	Intangible fixed assets \$m	Research and development \$m	Other temporary differences \$m	Total \$m
At November 1, 2019	(1,257.1)	13.6	(53.1)	(1,296.6)
Transferred to deferred tax assets	-	(13.6)	-	(13.6)
Charged to Consolidated statement of comprehensive income – continuing operations	85.4	-	(6.8)	78.6
Credited to other comprehensive income – continuing operations	(8.7)	-	-	(8.7)
Credited to equity - impact of adoption of IFRS 16	-	-	1.8	1.8
Foreign exchange adjustment	(0.1)	-	0.2	0.1
Subtotal	(1,180.5)	-	(57.9)	(1,238.4)
Jurisdictional offsetting				397.3
At October 31, 2020				(841.1)

	Intangible fixed assets \$m	Other Temporary differences \$m	Total \$m
At November 1, 2018	(1,448.5)	(31.3)	(1,479.8)
Charged to Consolidated statement of comprehensive income – continuing operations	155.5	(0.8)	154.7
Charged to Consolidated statement of comprehensive income – discontinued operation	34.0	9.9	43.9
Credited to other comprehensive income – continuing operations	14.0	-	14.0
Impact of adoption of IFRS 15	-	(17.3)	(17.3)
Foreign exchange adjustment	(12.1)	-	(12.1)
Subtotal	(1,257.1)	(39.5)	(1,296.6)
Jurisdictional offsetting			309.5
At October 31, 2019			(987.1)

No deferred tax liability is recognized in respect of temporary differences associated with investments in subsidiaries and branches because the Group is in a position to control the timing of the reversal of the temporary differences and none are expected to reverse in the foreseeable future.

8 Dividends

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Equity - ordinary			
Final paid nil cents (2019: 58.33 cents, 2018: 58.33 cents) per ordinary share	-	240.7	133.9
First Interim paid nil cents (2019: 58.33 cents, 2018: 34.60 cents) per ordinary share	-	198.5	156.2
Second Interim paid nil cents (2019: nil cents, 2018: 58.33 cents) per ordinary share	-	-	252.1
	-	439.2	542.2

On March 18, 2020, given the increased macro-economic uncertainty as a result of the COVID-19 pandemic, as a precautionary measure, the directors withdrew their recommendation for the payment of a final dividend of 58.33 cents per share in respect of the 12 months ended October 31, 2019. Similarly, no dividend was paid in respect of the six months to April 30, 2020.

The directors announced a final dividend of 15.5 cents per share payable on April 15, 2021 to shareholders who are registered at March 12, 2021. This final dividend, amounting to \$51.9 million, has not been recognized as a liability as at October 31, 2020.

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9 Earnings per share

The calculation of the basic earnings per share has been based on the earnings attributable to owners of the parent and the weighted average number of shares for each period.

Reconciliation of the earnings and weighted average number of shares:

	12 months ended October 31, 2020	12 months ended October 31, 2019	18 months ended October 31, 2018
Earnings (\$m)			
(Loss)/profit for the period from continuing operations	(2,974.6)	(18.1)	707.2
Profit for the period from discontinued operation	5.1	1,487.2	76.9
	(2,969.5)	1,469.1	784.1
Number of shares (m)			
Weighted average number of shares	335.7	378.1	388.7
Dilutive effects of shares	-	4.1	11.0
	335.7	382.2	399.7
Earnings per share			
Basic earnings per share (cents)			
Continuing operations	(886.15)	(4.87)	181.91
Discontinued operation	1.52	393.37	19.79
Total Basic earnings per share	(884.63)	388.50	201.70
Diluted earnings per share (cents)			
Continuing operations ¹	(886.15)	(4.87)	176.92
Discontinued operation	1.52	389.16	19.25
Total Diluted earnings per share ¹	(884.63)	384.35	196.17
Basic earnings per share (pence)			
Continuing operations	(693.45)	(3.82)	136.73
Discontinued operation	1.19	308.89	14.88
Total Basic earnings per share	(692.26)	305.07	151.61
Diluted earnings per share (pence)			
Continuing operations ¹	(693.45)	(3.82)	132.98
Discontinued operation	1.19	305.59	14.47
Total Diluted earnings per share ¹	(692.26)	301.81	147.45
Earnings attributable to ordinary shareholders			
From continuing operations	(2,974.6)	(18.1)	707.2
Excluding non-controlling interests	-	(0.3)	(0.1)
(Loss)/profit for the period from continuing operations	(2,974.6)	(18.4)	707.1
From discontinued operation	5.1	1,487.2	76.9
	(2,969.5)	1,468.8	784.0
Average exchange rate	\$1.28/1	\$1.27/1	\$1.33/1

¹ The Group reported a loss from continuing and discontinued operations attributable to the ordinary equity shareholders of the Company for the 12 months ended October 31, 2020. The Diluted EPS is reported as equal to Basic EPS, as no account can be taken of the effect of dilutive securities under IAS 33.

The weighted average number of shares excludes treasury shares that do not have dividend rights (note 25).

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10 Goodwill

	Note	October 31, 2020 \$m	October 31, 2019 \$m
Cost			
At November 1		6,671.3	6,805.0
Acquisitions	33	1.4	26.8
Effects of movements in exchange rates		(38.1)	(160.5)
At October 31		6,634.6	6,671.3
Impairment losses			
At November 1		-	-
Impairment charge for the period		(2,799.2)	-
At October 31		(2,799.2)	-
Net book value		3,835.4	6,671.3
A segment-level summary of the goodwill allocation is presented below:			
Micro Focus		3,835.4	6,671.3

Goodwill acquired through business combinations has been allocated to a cash-generating unit (“CGU”) for the purpose of impairment testing.

The goodwill arising in the 12 months ended October 31, 2020, related to the acquisition of Atar Labs of \$1.4 million (note 33) has been allocated to the Micro Focus CGU as this is consistent with the segment reporting that is used in internal management reporting. Of the addition to goodwill, all amounts are expected to be deductible for tax purposes.

The goodwill arising in the 12 months ended October 31, 2019, related to the acquisition of Intersect Software Inc. of \$26.8 million (note 33), has been allocated to the Micro Focus CGU as this is consistent with the segment reporting that is used in internal management reporting. Of the addition to goodwill, all amounts are expected to be deductible for tax purposes.

Impairment test

Impairment of goodwill is tested annually, or more frequently where there is an indication of impairment. An impairment test is a comparison of the carrying value of the assets of the CGU with their recoverable amount. Where the recoverable amount is less than the carrying value, an impairment results. The Group’s annual test is performed at October 31. It was determined that the adverse impact of COVID-19 on the global economy and the challenging trading environment that is likely to result from this was an indicator of potential impairment as at April 30, 2020. Therefore, an additional impairment test was performed at this date. As a result, for the six months ended April 30, 2020, the Group recorded an impairment charge of \$0.9 billion (2019: \$nil). The impairment charge related solely to goodwill and was recognized in administrative expenses as an exceptional cost in the Consolidated Statement of Comprehensive Income.

The Group then performed the impairment test at October 31, 2020 incorporating its knowledge of the business into that testing and noting at that date the market capitalization was less than the net assets of the Group, which was taken into account during the impairment test. An additional impairment charge of \$1.9 billion has been recognized resulting from the year end impairment test. The total impairment charge recorded in the 12 months ended October 31, 2020 was \$2.8 billion and has been recognized in administrative expenses as an exceptional cost in the Consolidated Statement of Comprehensive Income. The recoverable amount of the Micro Focus CGU is \$9.3 billion, based on value in use calculations. The impairment charge relates solely to goodwill.

The recoverable amount of the Micro Focus CGU is determined based on its Value In Use (“VIU”). The VIU includes estimates about the future financial performance of the CGU and is based on five-year projections and then a terminal value calculation. It utilizes discounted board approved forecasts for the five years. The cash flow projections and inputs combine past performance with adjustments as appropriate where the directors believe that past performance and rates are not indicative of future performance and rates.

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10 Goodwill continued

Impairment test continued

Impairment reviews under IAS 36 are required to exclude the estimated cash inflow and outflows arising from improving or enhancing the performance of existing assets until the cash flow is incurred. Therefore, the VIU calculation excludes the cash outflows and resulting cash inflow arising from certain investment decisions made in the Strategic Review which are included within the board approved forecasts. In addition, the VIU calculation excludes the cost saving impacts, which are included in the board approved forecasts, resulting from restructuring activities which have not commenced.

The impairment charge recognized in the Micro Focus CGU primarily reflects our trading performance and the macro-economic environment when compared to the original projections produced at the time of the HPE Software acquisition, which was exacerbated by the impacts of the COVID-19 pandemic. Our assumption of a moderation in the revenue decline and delivery of flat to low single digit growth from the Strategic & Operational Review of February 2020 remains valid in the board approved five year forecasts; although as the VIU calculation excludes the cash inflows resulting from a number of the investment decisions made in the Strategic review the VIU calculation has a delay in the achievement of flat growth versus the board approved five year forecasts. Therefore as disclosed below, over the five year forecast period, this has resulted in a reduction in the range of average annual revenue growth rates by product group.

Key assumptions

Key assumptions in the VIU are considered to be the discount rate, average annual revenue growth rate by product group and the long-term cash flow growth rate. These have been assessed taking into consideration the current economic climate and the resulting impact on expected growth and discount rates.

The average annual revenue growth rate by product group, long-term cash flow growth rate and discount rate used in the VIU calculation are:

	October 31, 2020	October 31, 2019
Long-term cash flow growth rate for terminal value	1.0%	1.0%
Pre-tax discount rate ¹	10.9%	10.3%
Average annual revenue growth rate by product group ²	(8.1)% to 2.2%	(2.4)% to 0.8%

¹ This equates to a post-tax discount rate of 8.2% (2019: 8.0%).

² Medium-term annual revenue growth rate by product group was considered the key assumption in 2019 with a range of (2.0)% to 2.1% disclosed. Given the future macro-economic uncertainty caused by the on-going pandemic at the April 30, 2020 impairment test the Group extended the key assumption going forward to cover the five years forecasts used for impairment testing. The key assumption for 2019 has been revised to be presented on a consistent basis with 2020.

Sensitivity analysis

In undertaking this analysis, the directors have considered reasonably possible changes in the key assumptions, taking into consideration that the Group is insulated from some significant adverse impacts by its geographical spread and that the Group's cost base is flexible and could quickly respond to market changes as shown by our responses to the COVID-19 pandemic where margins have been largely maintained during the year. The sensitivities are prepared on the basis that the reasonably possible change in each key assumption would not have a consequential impact on other key assumptions used in the impairment review and therefore leave all other assumptions unchanged. The headroom and impairments disclosed below are on the VIU calculation, which, as explained above, excludes the cash inflow and outflow assumptions arising from the investment decisions made in the Strategic Review where these have not been fully implemented. The directors considered whether the range of reasonably possible changes in key assumptions should be widened as a result of the increased uncertainty resulting from the COVID-19 outbreak. However, the directors concluded this was unnecessary as the assumptions are either long-term (i.e. five year revenue growth and long-term growth) and therefore exceed the period expected to be impacted by COVID-19 or in the case of the discount rate, have not seen significant volatility due to COVID-19.

The directors have assessed that a reasonably possible change in the discount rate is an absolute movement of 1.0% (2019: 2.0%). The directors have considered the sensitivity of the discount rate in light of the impact of the significant economic uncertainty resulting from COVID-19 has had on the financial inputs used in determining the discount rate and have concluded that reducing the reasonably possible change from 2% to 1% is appropriate in light of the limited volatility seen since 2018. An increase in the discount rate of 1% to 11.9% would increase the impairment recognized at October 31, 2020 by \$0.8 billion. A decrease in the discount rate of 1% to 9.9% would decrease the impairment recognized at October 31, 2020 by \$1.0 billion.

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10 Goodwill continued

The directors have assessed that a reasonably possible change in the average annual revenue growth rate by product group is an absolute reduction of 2.0%. A decrease in the average annual revenue growth rate by product group of 2% would increase the impairment recognized at October 31, 2020 by \$2.0 billion. This sensitivity has been presented exclusive of mitigating actions, such as cost saving, that would be taken in such a scenario and which would at least be partially offset such a reduction in cash flows.

The directors have assessed that a reasonably possible change in the long-term growth rate is an increase or decrease of 0.5% to 1.5% or 0.5% respectively (2019: not reasonably possible). An increase of 0.5% would decrease the impairment recognized at October 31, 2020 by \$0.3 billion. A decrease of 0.5% would increase the impairment recognized at October 31, 2020 by \$0.3 billion.

11 Other intangible assets

	Note	Purchased software \$m	Product development costs \$m	Purchased intangibles			Lease contracts \$m	Total \$m
				Technology \$m	Trade names \$m	Customer relationships \$m		
Cost								
At October 31, 2019		146.7	257.0	2,178.6	267.3	5,323.3	14.9	8,187.8
Transfers to right-of-use assets ¹		-	-	-	-	-	(14.9)	(14.9)
At November 1, 2019		146.7	257.0	2,178.6	267.3	5,323.3	-	8,172.9
Acquisitions – Atar Labs	33	-	-	6.6	-	-	-	6.6
Additions		55.5	16.2	-	-	-	-	71.7
Additions – external consultants		-	0.8	-	-	-	-	0.8
Disposals		(11.2)	-	-	-	-	-	(11.2)
Effects of movements in exchange rates		0.5	-	16.0	1.9	40.7	-	59.1
At October 31, 2020		191.5	274.0	2,201.2	269.2	5,364.0	-	8,299.9
Accumulated amortization								
At October 31, 2019		76.9	214.3	668.9	68.0	1,204.3	13.1	2,245.5
Transfers to right-of-use assets ¹		-	-	-	-	-	(13.1)	(13.1)
At November 1, 2019		76.9	214.3	668.9	68.0	1,204.3	-	2,232.4
Amortization charge for the period		46.5	23.5	190.2	19.1	394.8	-	674.1
Disposals		(10.6)	-	-	-	-	-	(10.6)
Effects of movements in exchange rates		0.7	0.1	6.6	0.8	12.8	-	21.0
At October 31, 2020		113.5	237.9	865.7	87.9	1,611.9	-	2,916.9
Net book amount at October 31, 2020								
Net book amount at October 31, 2020		78.0	36.1	1,335.5	181.3	3,752.1	-	5,383.0
Net book amount at October 31, 2019		69.8	42.7	1,509.7	199.3	4,119.0	1.8	5,942.3

¹ Lease contracts have been reclassified to right-of-use assets following the adoption of IFRS 16 on November 1, 2019.

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11 Other intangible assets continued

		Purchased intangibles						
		Purchased software	Product development costs	Technology	Trade names	Customer relationships	Lease contracts	Total
	Note	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Cost								
At November 1, 2018		141.1	259.1	2,158.5	267.7	5,377.2	15.0	8,218.6
Acquisitions – Intersect Software Inc	33	-	-	44.5	4.2	12.5	-	61.2
Additions		12.3	16.5	-	-	-	-	28.8
Additions – external consultants		-	0.5	-	-	-	-	0.5
Disposals		(7.4)	(19.1)	-	-	-	-	(26.5)
Effects of movements in exchange rates		0.7	-	(24.4)	(4.6)	(66.4)	(0.1)	(94.8)
At October 31, 2019		146.7	257.0	2,178.6	267.3	5,323.3	14.9	8,187.8
Accumulated amortization								
At November 1, 2018		50.1	206.7	478.9	48.9	801.5	3.2	1,589.3
Amortization charge for the period		34.1	26.7	200.1	20.9	424.8	9.9	716.5
Disposals		(7.4)	(19.1)	-	-	-	-	(26.5)
Effects of movements in exchange rates		0.1	-	(10.1)	(1.8)	(22.0)	-	(33.8)
At October 31, 2019		76.9	214.3	668.9	68.0	1,204.3	13.1	2,245.5
Net book amount at October 31, 2019								
		69.8	42.7	1,509.7	199.3	4,119.0	1.8	5,942.3
Net book amount at October 31, 2018		91.0	52.4	1,679.6	218.8	4,575.7	11.8	6,629.3

Intangible assets, with the exception of purchased software and internally generated product development costs, relate to identifiable assets purchased as part of the Group's business combinations. Intangible assets are amortized on a straight-line basis over their expected useful economic life - see Accounting Policy K.

Expenditure totaling \$72.5 million (2019: \$29.3 million) was made in the 12 months ended October 31, 2020, including \$17.0 million in respect of development costs and \$55.5 million of purchased software primarily related to the development of the Group's single IT platform.

The acquisition of Atar Labs in the 12 months ended October 31, 2020 gave rise to an addition of \$6.6 million to purchased intangibles (note 33). The acquisition of Intersect Software Inc. in the 12 months ended October 31, 2019 gave rise to an addition of \$61.2 million to purchased intangibles (note 33).

Of the \$17.0 million of additions to product development costs, \$16.2 million (2019: \$16.5m) relates to internal product development costs and \$0.8 million (2019: \$0.5 million) to external consultants' product development costs.

At October 31, 2020, the unamortized lives of technology assets were in the range of two to nine years, customer relationships in the range of one to 12 years and trade names in the range of four to 16 years. The HPE Software business acquired purchased intangibles, the largest component of the Group, have another nine years life remaining for technology (carrying value \$1.2 billion) and up to 12 years' life remaining for customer relationships purchased intangibles (carrying value \$3.5 billion).

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11 Other intangible assets continued

Included in the consolidated statement of comprehensive income was:

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m
For continuing operations:		
Cost of sales:		
- amortization of product development costs	23.5	26.7
- amortization of acquired purchased technology	190.2	200.1
Selling and distribution:		
- amortization of acquired purchased trade names and customer relationships (2019: amortization of acquired purchased trade names, customer relationships and lease contracts)	413.9	455.6
Administrative expenses:		
- amortization of purchased software	46.5	34.1
Total amortization charge for the period	674.1	716.5
Research and development:		
- capitalization of product development costs	16.2	16.5

12 Property, plant and equipment

	Freehold land and buildings \$m	Leasehold improvements \$m	Computer equipment \$m	Fixtures and fittings \$m	Total \$m
Cost					
At October 31, 2019	14.0	113.5	144.4	13.2	285.1
Transfers to right-of-use assets ¹	-	(9.8)	(50.6)	-	(60.4)
At November 1, 2019	14.0	103.7	93.8	13.2	224.7
Additions	-	4.8	28.4	2.9	36.1
Other ²	-	(9.8)	-	-	(9.8)
Disposals	-	(15.3)	(14.1)	(8.5)	(37.9)
Effects of movements in exchange rates	-	0.2	(0.2)	0.2	0.2
At October 31, 2020	14.0	83.6	107.9	7.8	213.3
Accumulated depreciation					
At October 31, 2019	2.2	51.7	85.1	5.6	144.6
Transfers to right-of-use assets ¹	-	(5.2)	(29.7)	-	(34.9)
At November 1, 2019	2.2	46.5	55.4	5.6	109.7
Disposals	-	(11.0)	(13.5)	(7.8)	(32.3)
Charge for the period	0.3	11.9	27.6	2.2	42.0
Effects of movements in exchange rates	-	(0.1)	-	0.3	0.2
At October 31, 2020	2.5	47.3	69.5	0.3	119.6
Net book amount at October 31, 2020	11.5	36.3	38.4	7.5	93.7
Net book amount at October 31, 2019	11.8	61.8	59.3	7.6	140.5
Transfers to right-of-use assets¹	-	(4.6)	(20.9)	-	(25.5)
Net book amount at November 1, 2019	11.8	57.2	38.4	7.6	115.0

¹ Property, plant and equipment held under finance leases and hire purchase contracts under IAS 17 and assets recognized in relation to asset retirement obligations on leased asset have been reclassified to right-of-use assets following the adoption of IFRS 16 on November 1, 2019.

² Other movements of \$9.8 million (2019: \$nil) relates to amounts received in relation to the reimbursement of leasehold improvement costs.

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12 Property, plant and equipment continued

	Note	Freehold land and buildings \$m	Leasehold improvements \$m	Computer equipment \$m	Fixtures and fittings \$m	Total \$m
Cost						
At November 1, 2018		14.3	79.2	103.3	29.1	225.9
Acquisition – Interset Software Inc.	33	-	-	0.2	0.1	0.3
Additions		-	37.7	24.6	3.0	65.3
Disposals		-	(3.6)	(3.0)	-	(6.6)
Reclassification		-	-	19.8	(19.8)	-
Effects of movements in exchange rates		(0.3)	0.2	(0.5)	0.8	0.2
At October 31, 2019		14.0	113.5	144.4	13.2	285.1
Accumulated depreciation						
At November 1, 2018		2.2	34.3	36.6	8.5	81.6
Charge for the period		0.3	18.8	46.1	1.3	66.5
Disposals		-	(1.7)	(1.3)	-	(3.0)
Reclassification		-	-	4.6	(4.6)	-
Effects of movements in exchange rates		(0.3)	0.3	(0.9)	0.4	(0.5)
At October 31, 2019		2.2	51.7	85.1	5.6	144.6
Net book amount at October 31, 2019		11.8	61.8	59.3	7.6	140.5
Net book amount at November 1, 2018		12.1	44.9	66.7	20.6	144.3

Depreciation for the 12 months ended October 31, 2020 of \$42.0 million (2019: \$66.5 million, including \$13.9 million of right-of-use asset depreciation) is included within administrative expenses and cost of sales in the Consolidated statement of comprehensive income.

13 Other non-current assets

	October 31, 2020 \$m	October 31, 2019 \$m
Employee benefit deposit	17.9	33.4
Long-term rent deposits	5.3	4.9
Long-term prepaid expenses	2.3	4.5
Net investment in finance sub-leases	5.5	-
Other	0.8	1.2
	31.8	44.0

Employee benefit deposits are held in Israel (\$12.8 million), Italy (\$2.4 million) and the Netherlands (\$2.7 million) (2019: Germany \$16.4 million, Israel \$11.9 million, Italy \$2.4 million, and the Netherlands \$2.7 million). Employers in Italy and Israel are required by law to maintain funds to satisfy certain employee benefit liabilities, including free time off and compensation for involuntary termination of employment. These investment-based deposits are managed by third parties and the carrying values are marked-to-market based on third party investment reports. In addition, a cash deposit was held in the Netherlands on behalf of certain employees to cover legacy employment subsistence benefits. Certain employee benefit liabilities in Germany and the related benefit deposits were transferred to defined benefit obligations in the year (note 22).

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14 Trade and other receivables

	October 31, 2020 \$m	October 31, 2019 \$m
Trade receivables	628.4	877.9
Loss allowance	(17.9)	(42.4)
Trade receivables net	610.5	835.5
Prepayments	49.1	53.9
Other receivables	38.1	87.2
Contract assets	33.7	56.3
	731.4	1,032.9

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. The Group considers the credit quality of trade and other receivables on a customer-by-customer basis. The Group considers that the carrying value of the trade and other receivables that is disclosed below gives a fair presentation of the credit quality of the assets. This is considered to be the case as there is a low risk of default due to the high number of recurring customers and credit control policies. In determining the recoverability of a trade receivable, the Group considers the ageing of each debtor and any change in the circumstances of the individual receivable. Other than ageing (included below), no other credit rating grades are assessed. Due to this, management believes there is no further credit risk provision required in excess of the normal provision determined by the expected credit loss methodology applied.

At October 31, 2020 and October 31, 2019, the carrying amount approximates the fair value of the instrument due to the short-term nature of the instrument. As at October 31, 2020, a loss allowance of \$17.9 million (2019: \$42.4 million) was recognized for trade receivables.

The ageing of these receivables is as follows:

	Current \$m	Up to three months \$m	Three to four months \$m	Over four months \$m	Total \$m
October 31, 2020:					
Gross trade receivables	561.4	42.3	4.3	20.4	628.4
Loss allowance	(6.1)	(0.9)	(0.4)	(10.5)	(17.9)
Net trade receivables	555.3	41.4	3.9	9.9	610.5
October 31, 2019:					
Gross trade receivables	696.0	110.1	8.9	62.9	877.9
Loss allowance	(8.9)	(3.8)	(1.5)	(28.2)	(42.4)
Net trade receivables	687.1	106.3	7.4	34.7	835.5

Movements in the Group provision for impairment of trade receivables were as follows:

	October 31, 2020 \$m	October 31, 2019 \$m
At November 1 (calculated under IAS 39)	42.4	41.9
Accounting policy change (IFRS 9 - recognized against retained earnings on November 1, 2018)	-	20.0
Revised November 1	42.4	61.9
Loss allowance (releases)/provided in the year	(4.8)	16.0
Receivables written off as uncollectable	(19.7)	(35.5)
At October 31	17.9	42.4

The creation and release of the loss allowance for receivables have been included in selling and distribution costs in the Consolidated statement of comprehensive income. Amounts charged in the allowance account are generally written off when there is no expectation of recovering additional cash. The Group does not hold any collateral as security. The loss allowance for trade receivables is measured at an amount equal to the life-time expected credit losses as allowed for under IFRS 9.

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14 Trade and other receivables continued

Contract assets relate to amounts not yet billed and so not yet due from customers and which are expected to be invoiced to customers. The movement in contract assets in the year is primarily the result of the billing of one contract for \$20 million on which revenue had been recognized in the 12 months ended October 31, 2019 but invoicing occurred in the 12 months ended October 31, 2020. Excluding this contract, the level of new contract assets that have arisen during the year is consistent with the level of billings on existing contract assets. The Group considers the credit quality of contract assets on a customer-by-customer basis. As with trade receivables, which contract assets convert to upon invoicing, there is considered to be a low risk of default due to the high number of recurring customers. In determining the recoverability of a contract asset, the Group considers the specific circumstances of each contract asset and any change in the circumstances of the balance. Due to this management believes significant provision is not required.

15 Contract-related costs

	October 31, 2020	October 31, 2019
	\$m	\$m
Current	27.9	19.3
Non-current	35.7	31.5
	63.6	50.8

The Group capitalizes the costs of obtaining a customer contract when they are incremental and, if expected to be recovered, they are amortized over the customer life or pattern of revenue for the related contract. All amounts capitalized relate to commission costs.

Normally sales commissions paid for customer contract renewals are not commensurate with the commissions paid for new contracts. It follows that the commissions paid for new contracts also relate to expected future renewals of these contracts. Accordingly, we amortize sales commissions paid for new customer contracts on a straight-line basis over the expected customer life, based on expected renewal frequency. The current average customer life is five years. If the expected amortization period is one year or less the Group expenses the costs when incurred.

The amortization expenses in the year for the costs of obtaining customer contracts were \$16.1 million (2019: \$10.2 million).

Amortization of the capitalized costs of obtaining customer contracts is classified as sales and marketing expense. Capitalized costs from customer contracts are classified as non-financial assets in our statement of financial position.

	October 31, 2020	October 31, 2019
	\$m	\$m
Asset recognized from costs incurred to acquire a contract	29.1	31.4
Amortization and impairment loss recognized as cost of providing services during the year	(16.1)	(10.2)

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16 Cash and cash equivalents

	October 31, 2020	October 31, 2019
	\$m	\$m
Cash at bank and in hand	374.3	292.2
Short-term bank deposits	362.9	63.5
Cash and cash equivalents	737.2	355.7

At October 31, 2020 and October 31, 2019, the carrying amount approximates to the fair value. The Group's credit risk on cash and cash equivalents is limited as the counterparties are well established banks with generally high credit ratings. The credit quality of cash and cash equivalents is as follows:

	October 31, 2020	October 31, 2019
	\$m	\$m
S&P/Moody's/Fitch rating:		
AAA	358.4	69.8
AA-	27.2	87.6
A+	318.6	144.4
A	9.9	23.4
A-	9.1	14.4
BBB+	2.4	1.7
BBB	2.7	4.5
BBB-	0.4	0.8
BB+	0.6	0.8
BB	1.1	0.3
BB-	4.3	6.3
B+	0.2	0.2
CCC+	1.1	-
C-	1.2	-
Not Rated	-	1.5
	737.2	355.7

Where the opinions of the rating agencies differ, the lowest applicable rating has been assigned to the counterparty.

17 Trade and other payables – current

	October 31, 2020	October 31, 2019
	\$m	\$m
Trade payables	71.5	105.0
Trade and social security	84.3	80.7
Accruals	347.7	425.3
	503.5	611.0

At October 31, 2020 and at October 31, 2019, the carrying amount approximates to the fair value. At October 31, 2020 accruals include vacation and payroll – \$82.8 million (2019: \$88.4 million), commission and employee bonuses - \$90.5 million (2019: \$74.9 million), integration and divestiture expenses - \$30.1 million (2019: \$26.4 million) and consulting and audit fees - \$23.8 million (2019: \$36.9 million).

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18 Borrowings

	October 31, 2020 \$m	October 31, 2019 \$m
Bank loan secured	4,733.2	4,775.0
Unamortized prepaid facility arrangement fees and original issue discounts	(92.9)	(104.3)
Carrying value	4,640.3	4,670.7

	October 31, 2020			October 31, 2019		
	Bank loan secured \$m	Unamortized prepaid facility arrangement fees and original issue discounts \$m	Total \$m	Bank loan secured \$m	Unamortized prepaid facility arrangement fees and original issue discounts \$m	Total \$m
Reported within:						
Current liabilities	34.2	(12.8)	21.4	-	-	-
Non-current liabilities	4,699.0	(80.1)	4,618.9	4,775.0	(104.3)	4,670.7
	4,733.2	(92.9)	4,640.3	4,775.0	(104.3)	4,670.7

The carrying value for borrowings are stated after deducting unamortized prepaid facility fees and original issue discounts. Facility arrangement costs and original issue discounts are amortized between three and six years. The remaining unamortized fees of \$92.9 million have a remaining period of amortization of three years. Long-term borrowings with a drawn value of \$4,733.2 million before unamortized prepaid facility fees, have a fair value estimate of \$4,535.1 million based on trading prices as at October 31, 2020 (2019: \$4,686.0 million).

Short-term borrowing of \$34.2 million represents capital repayments falling due on the group borrowings within the one year less unamortized prepaid facility arrangement fees and original issue discounts of \$12.8 million.

On May 29, 2020, the Group announced that it had successfully priced and allocated a €600.0 million and a \$650 million senior secured term loan. The new five-year facilities, along with \$143.0 million of existing cash reserves, were used by the Group to fully refinance its existing senior secured term loan B due November 2021 and pay associated fees and expenses.

Prepaid facility fees of \$12.2 million, which were still to be amortized, in relation to the senior secured term loan B due November 2021 were fully expensed in June 2020 with the cost recorded within finance costs in the Consolidated statement of comprehensive income. Fees of \$44.0 million relating to the new senior secured term loans were capitalized in June 2020.

On September 3, 2020, the Group announced that it had successfully extended its revolving credit facility and reduced the size from \$500.0 million to \$350.0 million. The Group also confirmed that it had repaid the \$175.0 million previously drawn during the year as a precautionary measure in response to the COVID-19 outbreak, resulting in a balance outstanding of \$nil. These actions resulted in a reduction in the Group's gross debt and the borrowing costs associated with the revolving credit facility. The remaining prepaid facility fees of \$4.5 million to be amortized were expensed in the period and new fees of \$1.8 million were capitalized for the new arrangement.

Following these refinancing activities, the Group's earliest debt maturity is in June 2024.

The following facilities were drawn as at October 31, 2020:

- The €600 million (equivalent to \$700.3 million) senior secured five-year term loan B-1 issued by MA FinanceCo., LLC, maturing in June 2025, is priced at EURIBOR plus 4.5% (subject to a EURIBOR floor of 0.00%) with an original issue discount of 3.0%;
- The \$368.2 million senior secured seven-year term loan B-3 issued by MA FinanceCo., LLC, maturing in June 2024, is priced at LIBOR plus 2.75% (subject to a LIBOR floor of 0.00%) with an original issue discount of 0.25%;

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18 Borrowings continued

- The \$650.0 million senior secured five-year term loan B-4 issued by MA FinanceCo., LLC, maturing in June 2025, is priced at LIBOR plus 4.25% (subject to a LIBOR floor of 1.00%) with an original issue discount of 2.5%;
- The \$2,486.3 million senior secured seven-year term loan B issued by Seattle SpinCo, Inc. , maturing in June 2024, is priced at LIBOR plus 2.75% (subject to a LIBOR floor of 0.00%) with an original issue discount of 0.25%; and
- The €452.8 million (equivalent to \$528.4 million) senior secured seven-year term loan B issued by MA FinanceCo., LLC, maturing in June 2024, is priced at EURIBOR plus 3.00% (subject to a EURIBOR floor of 0.00%) with an original issue discount of 0.25%.

The following facilities were undrawn at October 31, 2020:

- A senior secured revolving credit facility of \$350.0 million (\$nil drawn), (“Revolving Facility”), with an interest rate of 3.50% above LIBOR on amounts drawn (and 0.5% on amounts undrawn) thereunder (subject to a LIBOR floor of 0.00%).

At October 31, 2020, \$nil of the Revolving Facility was drawn (October 31, 2019: \$nil), together with \$4,733.2 million of term loans giving gross debt of \$4,733.2 million drawn.

There are no financial covenants on the Group’s term loan borrowing facilities. The Revolving Facility is subject to a single financial covenant, being an aggregate net leverage covenant only in circumstances where more than 35% of the Revolving Facility is outstanding at a fiscal quarter end. Throughout the year the applicable covenant threshold was 4.35x, however no test was applicable at October 31, 2020 or any previous test date, as the facility was not drawn in excess of the 35% threshold. This covenant is not expected to inhibit the Group’s future operations or funding plans.

The Group’s borrowing arrangements include annual repayments of 1% of the initial par value for the B-3, Seattle Spinco and Euro term B loans and 2.5% of the initial par value for the B-1 and B4 loans with the amount paid in four equal quarterly instalments and then a final balloon payment on maturity. In addition, the borrowing arrangements require additional debt repayments where the Group’s net leverage exceeds 3.00x, when 25% of excess cash flow for the prior year is required to be paid, and 3.30x, when 50% of excess cash flow for the prior year is required to be paid.

The movements on the Group loans in the year were as follows:

	term loan B-1 EUR \$m	term loan B-2 USD \$m	term loan B-3 USD \$m	term loan B-4 USD \$m	Seattle Spinco term loan B \$m	Euro term loan B \$m	Revolving Facility \$m	Total \$m
At November 1, 2018	-	1,503.8	382.1	-	2,580.5	530.5	-	4,996.9
Repayments	-	(89.1)	(13.9)	-	(94.2)	(15.4)	-	(212.6)
Foreign exchange	-	-	-	-	-	(9.3)	-	(9.3)
At October 31, 2019	-	1,414.7	368.2	-	2,486.3	505.8	-	4,775.0
At November 1, 2019	-	1,414.7	368.2	-	2,486.3	505.8	-	4,775.0
Draw downs	665.8	-	-	650.0	-	-	175.0	1,490.8
Repayments	-	(1,414.7)	-	-	-	-	(175.0)	(1,589.7)
Foreign exchange	34.5	-	-	-	-	22.6	-	57.1
At October 31, 2020	700.3	-	368.2	650.0	2,486.3	528.4	-	4,733.2

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18 Borrowings continued

Maturity of borrowings

The maturity profile of the anticipated future cash flows including interest in relation to the Group's borrowings on an undiscounted basis, which therefore, differs from both the carrying value and fair value, is as follows:

As at October 31, 2020:

	term loan B-1 EUR \$m	term loan B-3 USD \$m	term loan B-4 USD \$m	Seattle Spinco term loan B \$m	Euro term loan B \$m	Revolving Facility \$m	Total \$m
Within one year	49.0	11.0	50.3	74.6	16.9	1.8	203.6
In one to two years	52.6	12.4	53.5	82.7	21.5	1.5	224.2
In two to three years	47.4	14.6	48.6	98.4	21.3	-	230.3
In three to four years	46.6	369.7	47.8	2,496.5	527.1	-	3,487.7
In four to five years	642.8	-	599.2	-	-	-	1,242.0
At October 31, 2020	838.4	407.7	799.4	2,752.2	586.8	3.3	5,387.8
				Less than 1 year \$m	1-3 years \$m	3-5 years \$m	Total \$m
Debt principal repayment				34.2	128.2	4,570.8	4,733.2
Interest payment on debt				169.4	326.3	158.9	654.6
At October 31, 2020				203.6	454.5	4,729.7	5,387.8

As at October 31, 2019:

	term loan B-2 \$m	term loan B-3 \$m	Seattle Spinco term loan B \$m	Euro term loan B \$m	Revolving Facility \$m	Total \$m
Within one year	61.6	17.0	114.6	14.1	1.9	209.2
In one to two years	61.5	16.9	114.3	14.6	1.9	209.2
In two to three years	1,419.8	18.5	124.1	19.3	1.6	1,583.3
In three to four years	-	20.6	139.4	19.1	-	179.1
In four to five years	-	373.5	2,522.6	503.6	-	3,399.7
At October 31, 2019	1,542.9	446.5	3,015.0	570.7	5.4	5,580.5
			Less than 1 year \$m	1-3 years \$m	3-5 years \$m	Total \$m
Debt principal repayment			-	1,431.7	3,343.3	4,775.0
Interest payment on debt			209.2	360.8	235.5	805.5
At October 31, 2019			209.2	1,792.5	3,578.8	5,580.5

Assets pledged as collateral

An all assets security has been granted in the US and England & Wales by certain members of the Micro Focus Group organized in such jurisdictions, including security over intellectual property rights and shareholdings of such members of the Micro Focus Group.

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19 Leases

As disclosed in I “Significant Accounting policies”, W “Adoption of new and revised International Financial Reporting Standards” the Group applied IFRS 16 “Leases” using the modified retrospective approach and therefore comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 14. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed alongside the IFRS 16 in I “Significant Accounting policies”, R “Leases”; key differences between IFRS 16 and IAS 17 and IFRIC 4 are described in I “Significant Accounting policies”, W “Adoption of new and revised International Financial Reporting Standards”.

The Group enters into leasing arrangements in the normal course of its business including:

- Office space (included in “Leasehold land and buildings”);
- Data centers (included in “Leasehold land and buildings”);
- Vehicles (included in “Other”); and
- Computer equipment.

Computer equipment leases were previously classified as finance leases under IAS 17, all other leases were previously categorized as operating leases under IAS 17.

The Group’s lease arrangements can contain a number of features including some or all of:

- Extension and break options;
- Variable lease payments;
- Annual or periodic set rental increases; and
- Indexed or market-based rental increases.

Consistent with the requirements of IFRS, 16 extension options are only included in the lease liability where they are considered reasonably certain, see below, and only fixed rental increases are included in the lease liability. Indexed or market based rental increases are only included in the lease liability once the indexation or rent review date has passed. Variable lease payments are expensed as incurred.

Two individual leased properties are material to the Group. One is located in Provo, Utah, where the Group currently leases approximately 405,700 square feet of office space. The lease on this facility expires in 2024, with an option to extend for a further three, five-year periods. The Group’s current annual rent under this lease is \$8.4 million. Since March 1, 2019, part of the property has been sublet. Current annual sub-lease income is \$1.1 million. The other property is located in Santa Clara, California, where the Group currently leases approximately 635,000 square feet of office space. The lease on this facility expires in 2029, with an option to extend for one further five-year period. The Group’s current annual rent under this lease is \$4.7 million. The Group is currently not utilizing one floor of this facility and the related right-of-use assets has been tested for impairment with a partial impairment recorded.

Right-of-use assets

During the year the Group entered into new leasing arrangements, extended existing leasing agreements and was party to rent reviews and therefore recognized additions to right-of-use assets of \$42.0 million.

	Leasehold land and buildings \$m	Computer equipment \$m	Other \$m	Total \$m
Net book value at October 31, 2020	180.1	20.4	6.7	207.2
Net book value at November 1, 2019	223.6	20.8	9.0	253.4
Depreciation charge for the 12 months ended October 31, 2020	60.3	11.2	5.4	76.9

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19 Leases continued

Amounts recognized in the statement of comprehensive income:		12 months ended October 31, 2020	12 months ended October 31, 2019
	Note	Under IFRS 16 \$m	Under IAS 17 \$m
Under IFRS 16:			
Interest on lease liabilities	6	13.2	-
Depreciation of right-of-use assets		76.9	-
Impairment of right-of-use assets*		5.9	-
Income from sub-leasing right-of-use assets		0.4	-
Under IAS 17:			
Interest on lease liabilities	6	-	2.0
Depreciation of lease assets		-	13.9
Lease expense		-	65.9
Income from sub-leasing right-of-use assets		-	1.0

* The Group assessed right-of-use assets for indicators of impairment during the year in particular leases, which have become vacant or part vacant or changes in sub-lease expectations on existing vacant properties. As a result, an additional impairment of \$5.9 million was recognized in the year. The impairment against the right-of-use asset carrying value reflects any expected sub lease-income over the remainder of the lease.

Amounts recognized in statement of cash flows:

	12 months ended October 31, 2020 Under IFRS 16	12 months ended October 31, 2019 Under IAS 17
	\$m	\$m
Interest payments on lease liabilities	13.2	2.0
Payment for lease liabilities (2019: payment for finance lease liabilities)	80.1	12.9
Total cash outflow for leases	93.3	14.9

Extension options

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group policy on assessing and reassessing whether it is reasonably certain that the optional period will be included in the lease term is described in "II Critical accounting estimates, assumptions and judgements".

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. Significant changes in assumptions or activities e.g. such as an acquisition or disposal, would impact the expected future cash outflows related to leasing activities. Where a significant event or change in circumstances does not occur, the lease term and therefore the lease liability and right-of-use asset, will decline over time.

The Group's cash outflow for leases in the 12 months ended October 31, 2020 was \$93.3 million. Leases with annual cash outflows during the 12 months ended October 31, 2020 of \$8.9 million ended and were not renewed or replaced. Considering the impact of these terminations and absent significant future changes in the volume of the Group's activities or strategic changes to lease fewer assets the Group's cash outflow would be expected to continue for future periods at a consistent level, subject to any contractual price increases. The maturity analysis of the Group's lease liability, below, only includes the reasonably certain payments to be made; cash outflows in these future periods will likely exceed these amounts as payments will be made on optional periods not considered reasonably certain at present and on new leases entered into in future periods.

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19 Leases continued

Lease obligations:

Under IFRS 16 “Leases”, the Group recognizes the discounted future lease payments over the reasonably certain lease term as a liability along with an associated right-of-use asset, see above.

The movement on the Group lease obligations in the year were as follows:

	Note	\$m
IFRS 16 adoption		269.8
Transfer from Finance lease liability		23.5
Balance at November 1, 2019		293.3
Additions		41.6
Disposals		(0.2)
Payments		(93.3)
Interest	6	13.2
Foreign exchange		(4.2)
Balance at October 31, 2020		250.4
Included within:		
Current liabilities		82.2
Non-current liabilities		168.2
Total		250.4

The maturity profile of the Group’s lease obligations is as follows:

	\$m
Within one year	82.2
In one to two years	69.5
In two to three years	43.3
In three to five years	49.3
In more than five years	36.3
At October 31, 2020	280.6
Impact of discounting	(30.2)
Total lease obligations	250.4

Leases as lessor

The Group acts as a lessor where it is able to sub-lease vacant property space. Sub-leases are classified as either finance leases or operating leases dependent upon the transfers of substantially all of the risk and rewards associated with the head lease to the lessee in the sub-lease agreement.

Finance leases

The Group has six lease arrangements classified as finance leases. The long-term element of net investment in leases of \$5.5 million as at October 31, 2020 is included in note 13 “Other non-current assets”. The short-term element of net investments in leases of \$2.1 million as at October 31, 2020 is included in other receivables in note 14 “Trade and other receivables”. Under IAS 17, the Group did not recognize any net investment in leases.

Operating leases

The Group has six lease arrangements classified as operating leases. Rental income recognized by the Group for the 12 months ended October 31, 2020 was \$0.4 million (2019: \$1.0 million).

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20 Contract liabilities

	October 31, 2020 \$m	October 31, 2019 \$m
Current	981.4	1,045.9
Non-current	117.2	149.9
	1,098.6	1,195.8

Revenue billed but not recognized in the Consolidated statement of comprehensive income under the Group's accounting policy for revenue recognition is classified as contract liabilities in the Consolidated statement of financial position and recognized over the period of the contract in future years. Contract liabilities primarily relates to undelivered maintenance and subscription services on billed contracts.

Contract liabilities as at October 31, 2020 were \$1,098.6 million (2019: \$1,195.8 million). The movement in contract liabilities in the year mainly results from new amounts being deferred, where the billing is advance of satisfaction of the related performance obligation, and amounts being recognized as revenue, where performance obligations have been satisfied. The amount of revenue recognized in the reporting year that was included in the contract liability balance as at November 1, 2019 was \$1,045.9 million (2019: \$1,134.7 million).

Remaining performance obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future years. The remaining revenue allocated to future performance obligations was \$1,598.1 million as at October 31, 2020 (2019: \$1,468.9 million), of which approximately 77% (2019: 80%) of the revenue is expected to be recognized over the next 12 months and the remainder thereafter.

This amount mostly comprises obligations to provide maintenance and SaaS subscriptions as the contracts have durations of one or multiple years.

21 Provisions

	October 31, 2020 \$m	October 31, 2019 \$m
Onerous leases and dilapidations	16.9	34.2
Restructuring	30.8	36.4
Legal	9.7	5.7
Other	14.8	2.1
Total	72.2	78.4
Current	49.7	29.3
Non-current	22.5	49.1
Total	72.2	78.4

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21 Provisions continued

	Note	Onerous contracts and dilapidations \$m	Restructuring \$m	Legal \$m	Other \$m	Total \$m
At October 31, 2019		34.2	36.4	5.7	2.1	78.4
Adoption of IFRS 16 ¹		(16.7)	-	-	-	(16.7)
At November 1, 2019		17.5	36.4	5.7	2.1	61.7
Acquisitions – ATAR Labs	33	-	0.4	-	-	0.4
Additional provision in the period		3.2	34.7	5.4	12.7	56.0
Released		(3.1)	(5.9)	(0.7)	-	(9.7)
Utilization of provision		(1.0)	(35.7)	(0.8)	-	(37.5)
Effects of movements in exchange rates		0.3	0.9	0.1	-	1.3
At October 31, 2020		16.9	30.8	9.7	14.8	72.2
Current		5.0	20.2	9.7	14.8	49.7
Non-current		11.9	10.6	-	-	22.5
Total		16.9	30.8	9.7	14.8	72.2

¹As described in I Significant Accounting Policies W “Adoption of new and revised International Financial Reporting Standards” onerous lease provisions recognized at October 31, 2019 have been recorded as an impairment against the right-of-use assets recognized on adoption of IFRS 16.

	Note	Onerous contracts and dilapidations \$m	Restructuring \$m	Legal \$m	Other \$m	Total \$m
At November 1, 2018		35.1	50.7	7.0	-	92.8
Acquisitions – Interset Software Inc.	33	-	-	-	0.7	0.7
Additional provision in the period		19.2	49.4	5.4	2.1	76.1
Released		(7.4)	(19.8)	(6.2)	-	(33.4)
Utilization of provision		(13.9)	(43.5)	(0.5)	(0.7)	(58.6)
Unwinding of discount		1.1	-	-	-	1.1
Effects of movements in exchange rates		0.1	(0.4)	-	-	(0.3)
At October 31, 2019		34.2	36.4	5.7	2.1	78.4
Current		9.5	12.0	5.7	2.1	29.3
Non-current		24.7	24.4	-	-	49.1
Total		34.2	36.4	5.7	2.1	78.4

Onerous contracts and dilapidations provisions

The onerous contracts relate to onerous non-rental related property costs and dilapidations provision relates to obligations to restore leased Group properties. These positions are expected to be fully utilized within eight years. An additional provision of \$3.2 million was recorded in the 12 months ended October 31, 2020 (2019: \$19.2 million), mainly across European and US sites, as the property portfolio was reassessed, including planned site vacations and a review of obligations to restore leased property at the end of the lease period.

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21 Provisions continued

Restructuring provisions

Restructuring provisions relate to severance resulting from headcount reductions. The majority of provisions are expected to be fully utilized within 24 months. Restructuring costs are reported within exceptional costs (note 4).

Legal provisions

Legal provisions include the directors' best estimate of the likely outflow of economic benefits associated with on-going legal matters. Further information on legal matters can be found in note 30, contingent liabilities.

Other provisions

Other provisions at October 31, 2020 relate to interest on uncertain tax provisions of \$7.6 million (2019: \$2.1 million), a \$2.8 million sales tax provision (2019: \$nil) and a provision for estimated unclaimed property exposure pertaining to accounts payable of \$4.4 million (2019: \$nil).

22 Pension commitments

Defined contribution

The Group has established a number of pension schemes around the world covering many of its employees. The principal funds are those in the US, UK and Germany. These were funded schemes of the defined contribution type.

Pension costs for defined contributions schemes are as follows:

		12 months ended October 31, 2020	12 months ended October 31, 2019	18 months ended October 31, 2018
Continuing operations	Note	\$m	\$m	\$m
Defined contribution schemes	29	31.2	32.7	43.3

b) Defined benefit

	October 31, 2020 \$m	October 31, 2019 \$m
Within non-current assets:		
Long-term pension assets	18.2	17.1
Within non-current liabilities:		
Retirement benefit obligations	(155.0)	(141.4)

As of October 31, 2020, there are a total of 33 defined benefit plans in 10 countries around the world (2019: 30). The highest concentration of the pension schemes are in Germany, where the Group sponsors 12 separate schemes that comprise over 83% of the total net retirement benefit obligation recorded in the Group's consolidated statement of financial position. The Group's German schemes are primarily final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life in the case of retirement, disability and death. The level of benefits provided depends not only on the final salary but also on member's length of service, social security ceiling and other factors. Although most of these schemes in Germany are funded at some level, there are typically no funding requirements in Germany. There are no requirements for the appointment of independent trustees in Germany, and all of these schemes are administered locally with the assistance of German pension experts. Final pension entitlements, including benefits for death in service and disability amounts, are calculated by these experts. Plan assets for three of our German schemes include re-insurance contracts with guaranteed interest rates, while the majority of the schemes invest in a funds focusing on equities and debt instruments. Most of the Group's German schemes are closed to new entrants, however, three of the schemes are open to new members.

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22 Pension commitments continued

The remainder of the Group's defined benefit schemes are comprised of a mix of final salary plans, termination or retirement indemnity plans and other types of statutory plans that provide a one-time benefit at termination. Final pension entitlements are calculated by local administrators in the applicable country. They also complete calculations for cases of death in service and disability. Where required by local or statutory requirements, some of the schemes are governed by an independent Board of Trustees that is responsible for the investment strategies with regard to the assets of the funds; however, other schemes are administered locally with the assistance of local pension experts. Many of the Group's plans outside of Germany are funded and the Group makes at least the minimum contributions required by local government, funding and taxing authorities. Plan assets for these schemes include a range of assets including investment funds or re-insurance contracts. Not all of these plans are closed to new members. The Group sponsors 12 plans outside of Germany that are open to new members, most of which are termination or retirement indemnity plans or statutory plans providing a one-time benefit at termination, retirement, death or disability. The Group participates in multi-employer plans in Switzerland and Japan. These plans are accounted for as defined benefit plans and the Group's obligations are limited to the liabilities of our employees.

There were three plans reclassified to the net retirement obligation during the 12 months ended October 31, 2020. None of the plans are final salary plans and none are material.

Long-term pension assets

Long-term pension assets relate to the contractual arrangement under insurance policies held by the Group with guaranteed interest rates that do not meet the definition of a qualifying insurance policy, as they have not been pledged to the plan or beneficiaries and are subject to the creditors of the Group. Such arrangements are recorded in the consolidated statement of financial position as long-term pension assets. During the 12 months ended October 31, 2020, some of the insurance policies previously unpledged were pledged to the pension plans and transferred to plan assets. These contractual arrangements are treated as financial assets measured at fair value through other comprehensive income. Movement in the fair value of long-term pension assets is included in other comprehensive income. All non-plan assets are held in Germany.

The movement on the long-term pension assets is as follows:

	Note	October 31, 2020 \$m	October 31, 2019 \$m
As at November 1		17.1	16.7
Reclassification to assets held for sale		-	0.1
Transfer to plan assets		(0.4)	-
Interest on non-plan assets	6	0.2	0.3
Benefits paid		(0.1)	(0.1)
Contributions		0.3	0.3
Included within other comprehensive income:			
- Change in fair value assessment		0.4	0.4
		0.4	0.4
Effects of movements in exchange rates		0.7	(0.6)
As at October 31		18.2	17.1
Included within other comprehensive income:			
Continuing operations		0.4	0.3
Discontinued operation		-	0.1
		0.4	0.4

The non-plan assets are considered to be Level 3 asset under the fair value hierarchy as of October 31, 2020. These assets have been valued by an external insurance expert by applying a discount rate to the future cash flows and taking into account the fixed interest rate, mortality rates and term of the insurance contract. There have been no transfers between levels for the 12 months ended October 31, 2020 (2019: none).

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22 Pension commitments continued

Retirement benefit obligations

The following amounts have been included in the consolidated statement of comprehensive income for defined benefit pension arrangements:

	Note	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Current service charge		10.4	9.0	12.6
Past service charge		-	-	(5.5)
Charge to operating (loss)/profit	29	10.4	9.0	7.1
Current service charge – discontinued operations		-	0.1	0.3
Interest on pension scheme liabilities		3.1	4.2	5.2
Interest on pension scheme assets		(1.3)	(1.8)	(2.4)
Charge to finance costs	6	1.8	2.4	2.8
Total continuing charge to (loss)/profit for the period		12.2	11.5	10.2

The contributions for the 12 months ended October 31, 2021 are expected to be broadly in line with the 12 months ended October 31, 2020. The Group funds the schemes so that it makes at least the minimum contributions required by local government, funding and taxing authorities. There are no funding requirements in Germany.

The following amounts have been recognized as movements in the statement of other comprehensive income:

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Actuarial return on assets excluding amounts included in interest income	1.8	5.9	0.6
Re-measurements – actuarial gains/(losses):			
- Demographic	-	(1.6)	0.3
- Financial	(0.6)	(38.8)	(11.1)
- Experience	3.0	8.4	1.9
	2.4	(32.0)	(8.9)
Reclassification from defined contribution scheme or other assets and liabilities to defined benefit scheme	(4.6)	-	(2.1)
Movement in the period	(0.4)	(26.1)	(10.4)
Continuing operations	(0.4)	(26.2)	(8.9)
Discontinued operation	-	0.1	(1.5)
	(0.4)	(26.1)	(10.4)

The weighted average key assumptions used for the valuation of the schemes were:

	October 31, 2020			October 31, 2019		
	Germany	Rest of World	Total	Germany	Rest of World	Total
Rate of increase in final pensionable salary	2.50%	3.09%	2.64%	2.50%	3.09%	2.65%
Rate of increase in pension payments	1.50%	1.50%	1.50%	1.75%	1.50%	1.75%
Discount rate	0.79%	1.41%	0.90%	1.09%	1.71%	1.20%
Inflation	1.50%	1.25%	1.47%	1.75%	1.16%	1.69%

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22 Pension commitments continued

During the 12 months ended October 31, 2019, the model used to derive our discount rates was updated to better reflect yields on corporate bonds over the life of our schemes. The key difference in the revised model lies in the extrapolation of yields in the outlying years of the curve and uses AA government bond rates to determine these yields. This change resulted in a decrease in our defined benefit obligation of approximately \$14.0 million in the 12 months ended October 31, 2019. The old and revised models are both considered standard models devised by our external consolidating actuary.

The mortality assumptions for the German schemes are set based on the 'Richttafeln 2018 G' by Prof. Dr. Klaus Heubeck. The mortality assumptions for the remaining schemes are set based on actuarial advice in accordance with published statistics and experience in each territory.

These assumptions translate into a weighted average life expectancy in years for a pensioner retiring at age 65:

	October 31, 2020			October 31, 2019		
	Germany	Rest of World	Total	Germany	Rest of World	Total
Retiring at age 65 at the end of the reporting year:						
Male	20	22	20	20	20	20
Female	24	25	24	23	23	23
Retiring 15 years after the end of the reporting year:						
Male	22	23	22	22	23	22
Female	26	26	25	25	26	25

The net liability included in the consolidated statement of financial position arising from obligations in respect of defined benefit schemes is as follows:

	October 31, 2020			October 31, 2019		
	Germany	Rest of World	Total	Germany	Rest of World	Total
Present value of defined benefit obligations	248.4	54.9	303.3	213.5	48.0	261.5
Fair values of plan assets	(119.1)	(29.2)	(148.3)	(92.0)	(28.1)	(120.1)
	129.3	25.7	155.0	121.5	19.9	141.4

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22 Pension commitments continued

The defined benefit obligation has moved as follows:

Defined benefit obligations	October 31, 2020								
	Germany			Rest of World			Total		
	Defined benefit obligations \$m	Scheme assets \$m	Retirement benefit obligations \$m	Defined benefit obligations \$m	Scheme assets \$m	Retirement benefit obligations \$m	Defined benefit obligations \$m	Scheme assets \$m	Retirement benefit obligations \$m
At November 1, 2019	213.5	(92.0)	121.5	48.0	(28.1)	19.9	261.5	(120.1)	141.4
Current service cost	6.9	-	6.9	3.5	-	3.5	10.4	-	10.4
Reclassification from other liabilities/assets	14.7	(17.8)	(3.1)	1.5	-	1.5	16.2	(17.8)	(1.6)
Transfer from long-term pension assets	-	(0.4)	(0.4)	-	-	-	-	(0.4)	(0.4)
Benefits paid	(0.6)	0.6	-	(2.9)	2.9	-	(3.5)	3.5	-
Contributions by plan participants	1.1	(1.1)	-	0.6	(0.6)	-	1.7	(1.7)	-
Contribution by employer	-	(0.7)	(0.7)	-	(2.3)	(2.3)	-	(3.0)	(3.0)
Interest cost/(income) (note 6)	2.3	(1.0)	1.3	0.8	(0.3)	0.5	3.1	(1.3)	1.8
Included within other comprehensive income:									
Re-measurements - actuarial (gains) and losses:									
- Demographic	-	-	-	-	-	-	-	-	-
- Financial	(0.4)	-	(0.4)	1.0	-	1.0	0.6	-	0.6
- Experience	(2.0)	-	(2.0)	(1.0)	-	(1.0)	(3.0)	-	(3.0)
Actuarial return on assets excluding amounts included in interest income	-	(2.4)	(2.4)	-	0.6	0.6	-	(1.8)	(1.8)
Reclassification to defined benefit scheme	3.1	-	3.1	1.5	-	1.5	4.6	-	4.6
	0.7	(2.4)	(1.7)	1.5	0.6	2.1	2.2	(1.8)	0.4
Effects of movements in exchange rates	9.8	(4.3)	5.5	1.9	(1.4)	0.5	11.7	(5.7)	6.0
At October 31, 2020	248.4	(119.1)	129.3	54.9	(29.2)	25.7	303.3	(148.3)	155.0

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22 Pension commitments continued

Defined benefit obligations	October 31, 2019								
	Germany			Rest of World			Total		
	Defined benefit obligations \$m	Scheme assets \$m	Retirement benefit obligations \$m	Defined benefit obligations \$m	Scheme assets \$m	Retirement benefit obligations \$m	Defined benefit obligations \$m	Scheme assets \$m	Retirement benefit obligations \$m
At November 1, 2018	173.8	(82.1)	91.7	47.4	(28.7)	18.7	221.2	(110.8)	110.4
Reclassification to assets held for sale	0.3	-	0.3	0.2	(0.2)	-	0.5	(0.2)	0.3
Current service cost	6.0	-	6.0	3.1	-	3.1	9.1	-	9.1
Benefits paid	(0.4)	0.3	(0.1)	(4.2)	4.1	(0.1)	(4.6)	4.4	(0.2)
Contributions by plan participants	1.5	(1.5)	-	0.3	(0.3)	-	1.8	(1.8)	-
Contribution by employer	-	(0.3)	(0.3)	-	(4.2)	(4.2)	-	(4.5)	(4.5)
Interest cost/(income) (note 6)	3.1	(1.5)	1.6	1.1	(0.3)	0.8	4.2	(1.8)	2.4
Included within other comprehensive income:									
Re-measurements - actuarial (gains) and losses:									
- Demographic	1.6	-	1.6	-	-	-	1.6	-	1.6
- Financial	34.0	-	34.0	4.8	-	4.8	38.8	-	38.8
- Experience	(3.2)	-	(3.2)	(5.2)	-	(5.2)	(8.4)	-	(8.4)
Actuarial return on assets excluding amounts included in interest income	-	(8.0)	(8.0)	-	2.1	2.1	-	(5.9)	(5.9)
	32.4	(8.0)	24.4	(0.4)	2.1	1.7	32.0	(5.9)	26.1
Effects of movements in exchange rates	(3.2)	1.1	(2.1)	0.5	(0.6)	(0.1)	(2.7)	0.5	(2.2)
At October 31, 2019	213.5	(92.0)	121.5	48.0	(28.1)	19.9	261.5	(120.1)	141.4

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22 Pension commitments continued

None of the plan assets are represented by financial instruments of the Group. None of the plan assets are occupied or used by the Group. The major categories of the plan assets are as follows:

	October 31, 2020								
	Germany			Rest of World			Total		
	Quoted \$m	Unquoted \$m	Total \$m	Quoted \$m	Unquoted \$m	Total \$m	Quoted \$m	Unquoted \$m	Total \$m
Funds that invest in:									
- Equity instruments	49.3	-	49.3	-	6.4	6.4	49.3	6.4	55.7
- Debt instruments	63.3	-	63.3	2.6	4.9	7.5	65.9	4.9	70.8
- Real estate	-	-	-	-	2.9	2.9	-	2.9	2.9
Cash and cash equivalents	-	-	-	-	2.6	2.6	-	2.6	2.6
Re-insurance contracts with guaranteed interest rates *	-	6.5	6.5	-	-	-	-	6.5	6.5
Other	-	-	-	-	9.8	9.8	-	9.8	9.8
Total	112.6	6.5	119.1	2.6	26.6	29.2	115.2	33.1	148.3

October 31, 2019									
	Quoted \$m	Germany Unquoted \$m	Total \$m	Quoted \$m	Rest of World Unquoted \$m	Total \$m	Quoted \$m	Total Unquoted \$m	Total \$m
Funds that invest in:									
- Equity instruments	39.8	-	39.8	-	5.5	5.5	39.8	5.5	45.3
- Debt instruments	46.6	-	46.6	3.0	6.0	9.0	49.6	6.0	55.6
- Real estate	-	-	-	-	3.1	3.1	-	3.1	3.1
Cash and cash equivalents	-	-	-	-	1.7	1.7	-	1.7	1.7
Re-insurance contracts with guaranteed interest rates *	-	5.6	5.6	-	-	-	-	5.6	5.6
Other	-	-	-	-	8.8	8.8	-	8.8	8.8
Total	86.4	5.6	92.0	3.0	25.1	28.1	89.4	30.7	120.1

* The majority of the re-insurance contracts have guaranteed interest rates of 4.0%, with the remaining at 3.25% or 2.75%.

Risk Management

Through its defined benefit schemes the Group is exposed to a number of risks, the most significant of which are detailed below:

- Changes in bond yields – A decrease in corporate bond yields will increase the Group's IAS 19 plan liabilities, although this will be partially offset by increases in the value of scheme assets.
- Inflation – Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.
- Life expectancy – The majority of the plan obligations are to provide benefits over the life of the member, so increases in life expectancy will result in an increase in the plan liabilities as benefits would be paid over a longer period.
- Asset returns – Returns on plan assets are subject to volatility and may not move in line with plan liabilities. The Group ensures that the investment positions are managed within an asset liability matching ("ALM") to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework the Group's objective is to match assets to the pension obligations by investing in assets that match the benefit payments as they fall due and in the appropriate currency.

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22 Pension commitments continued

Sensitivities

The table below provides information on the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The table shows the impact of changes to each assumption in isolation, although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation.

These sensitivities have been calculated using the same methodology as used for the main calculations. The weighted average duration of the defined benefit obligation is 23 years for Germany and 14 years for all other schemes.

	Germany				Rest of World			
	Increase in assumption	Change in defined benefit obligation	Decrease in assumption	Change in defined benefit obligation	Increase in assumption	Change in defined benefit obligation	Decrease in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities	0.50%	(10.5%)	0.50%	12.1%	0.50%	(6.5%)	0.50%	7.3%
Price inflation/rate of increase in pension payments*	0.25%	3.4%	0.25%	(3.2)%	0.25%	0.9%	0.25%	(0.9)%
Salary growth rate	0.50%	1.1%	0.50%	(1.1)%	0.50%	2.7%	0.50%	(2.8)%
Life expectancy	1 year	3.9%	-	-	1 year	2.0%	-	-

* For the German schemes the same values are used for both the inflation assumption and the rate of increase in pension payments.

23 Other non-current liabilities

	October 31, 2020 \$m	October 31, 2019 \$m
Accruals	39.9	50.4
	39.9	50.4

Accruals includes employee benefit liability \$30.6 million (2019: \$33.3 million) that relates to employee obligations in certain countries and an IT contractual liability \$5.9 million (2019: \$6.6 million). Certain employee benefit liabilities in Germany and the related benefit deposits were transferred to defined benefit obligations in the year (note 22).

24 Financial risk management and financial instruments

Risk factors and treasury risk management

The Group's treasury function aims to reduce exposures to interest rate, foreign exchange and other financial risks, to ensure liquidity is available as and when required, and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments. The treasury function's policies and procedures are reviewed and monitored by the Audit committee and are subject to internal audit review.

The Group's multi-national operations expose it to a variety of financial risks that include the effects of changes in credit risk, foreign currency risk, interest rate risk and liquidity/capital risk. Treasury risk management is carried out by a central treasury department under policies approved by the board of directors.

Group treasury identifies and evaluates financial risks alongside business management. The board provides written principles for risk management together with specific policies covering areas such as foreign currency risk, interest rate risk, credit risk and liquidity risk, the use of derivative and non-derivative financial instruments as appropriate, and investment of excess funds.

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24 Financial risk management and financial instruments continued

Risk Factors and Treasury risk management continued

Liquidity and capital risk

Central treasury carries out cash flow forecasting for the Group to ensure that it has sufficient cash to meet operational requirements and to allow the repayment of the bank facility. Surplus cash in the operating units over and above what is required for working capital needs is transferred to Group treasury. These funds are used to repay bank borrowings or are invested in interest bearing current accounts, time deposits or money market deposits of the appropriate maturity period determined by consolidated cash forecasts.

The Group seeks to maximize financial flexibility and minimize refinancing risk by issuing debt from a variety of sources and with a range of maturities. The level of facilities required are determined through the preparation of cash flow forecasts which consider a range of business performance scenarios. Borrowings are refinanced substantially prior to falling current to minimize refinancing risk.

The Group's objective when managing its capital structures is to minimize the cost of capital while maintaining adequate capital to protect against volatility in earnings and net asset values. The strategy is designed to maximize shareholder return over the long-term.

In March 2020, given the increased macro-economic uncertainty as a result of the COVID-19 pandemic, as a precautionary measure, the directors withdrew their recommendation for the payment of a final dividend of 58.33 cents per share in respect of the 12 months ended October 31, 2019. Similarly, no dividend was paid in respect of the six months to April 30, 2020. The decision to not pay these dividends has resulted in an increase in available liquidity compared to the payments that would otherwise have been made under the Group's existing dividend policy.

In May 2020, the Group refinanced its \$1.415m term loans maturing in November 2021 and made a voluntary debt repayment of \$143m. In September 2020, the Group refinanced its revolving credit facility and reduced its size from \$500.0m to \$350.0m. Following these refinancing activities the Group's earliest debt maturity is in June 2024. The repayment of debt and reduction in size of the revolving credit facility were made following an assessment of potential future performance scenarios, taking into account the current additional macro-economic uncertainties as a result of COVID-19.

The only financial covenant attaching to the Group's borrowing facilities relates to the revolving credit facility, which is subject to an aggregate net leverage covenant only in circumstances where more than 35% of the revolving credit facility is outstanding at a fiscal quarter end. Throughout the year the applicable covenant threshold was 4.35x; however no test was applicable at October 31, 2020 or any previous test date, as the facility was not drawn in excess of the 35% threshold. This covenant is not expected to inhibit the Group's future operations or funding plans.

The Group uses cash pooling structures and intercompany loans to mobilize cash efficiently within the Group. The key objectives of the treasury function with respect to cash and cash equivalents are to protect their principal value, concentrate cash centrally, minimize the requirements for external borrowing and optimize yield.

As part of its short-term cash management the Group invests in a range of cash and cash equivalents, including money market funds, which are considered to be highly liquid and not exposed to significant changes in fair value.

Subsidiary companies are funded through share capital, retained earnings and loans from central finance companies on commercial terms. Subsidiary companies do not enter into local borrowings with external counterparties.

Consolidated financial statements and notes
Notes to the consolidated financial statements**24 Financial risk management and financial instruments** continued**Interest rate risk**

The Group's income and cash generated from operations are substantially independent of changes in market interest rates. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group currently uses four interest rate swaps to manage its cash flow interest rate risk arising from potential increases in the LIBOR interest rate.

The objective of the Group's interest rate risk management policy is to manage the uncertainty and adverse impact on the Group's net interest charge due to changes in interest rates to an acceptable level. In doing so, the Group seeks to minimize the cost of hedging and the level of associated counterparty risk.

The Group has set a target of approximately half its borrowings being subject to fixed interest rates in order to minimize its exposure to changes in interest rates. This is achieved through four US dollar interest swaps for a total notional value of \$2.25 billion, with a maturity date of September 2022. The hedge accounting is discussed further later in the note.

The Group's borrowing facilities do not contain any covenants with respect to interest cover ratios.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, UK Pound Sterling, Indian Rupee, Israeli Shekel, Japanese Yen and the Chinese Yuan. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations where the transactions are denominated in a currency that is not the entity's functional currency.

The Group is subject to exposure on the translation of the net assets of foreign currency subsidiaries into its reporting currency, US dollar. The Group's primary balance sheet translation exposures are noted in the exposure analysis below. These exposures are kept under regular review with the Group treasury function providing reporting to the Treasury Risk committee and the Audit committee.

Group borrowings are denominated in US dollars and Euros. The Group seeks to match the currency profile of borrowings to the cash flows arising from the Groups operations used to service those borrowings. The May 2020 debt refinancing included an additional proportion of Euro debt and a reduction in US dollar debt which is intended to better match the currency profile of the Group's debt with the cash flows used to service that debt (note 18 "Borrowings").

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group faces currency exposures arising from the translation of profits earned in foreign currency subsidiaries into the Group's reporting currency of US dollars. As at October 31, 2020 two net investment hedges totalling €1.05 billion have been designated using non-derivative Euro debt instruments to minimize the volatility in shareholder's equity arising from foreign currency translation (there were no net investment hedges as at October 31, 2019).

Exposures also arise from foreign currency denominated trading transactions undertaken by subsidiaries and exposures here are not hedged. The Group utilizes constant currency reporting to enable management and investors to understand the underlying performance of the Group excluding exchange rate impacts.

Credit risk

The Group provides credit to customers in the normal course of business. Collateral is not required for those receivables but the Group has policies in place requiring appropriate credit checks on potential customers before sales commence and a monitoring process for assessing overdue receivables and customer payment behavior post sale. These policies and procedures include assessing customer credit limits and the use of third party financial and risk reporting to control our exposure and credit risk.

Financial instruments which potentially expose the Group to a concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Group maintains a provision for impairment based upon the measurement of lifetime expected credit losses for all trade receivables using the IFRS 9 simplified approach.

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24 Financial risk management and financial instruments continued

Credit risk continued

The risk management practices noted above provide the historical customer payment profiles and a view on customer behaviour with any historical credit losses experienced. The loss allowance is adjusted for forward-looking factors specific to the debtor and the economic environment resulting in an overall assessment of any provision required.

The Group sells products and services to a wide range of customers around the world and therefore believes there is no significant concentration of customer credit risk.

The Group's credit risk on cash and cash equivalents is limited as the counterparties are generally well established financial institutions with generally high credit ratings.

Cash deposits and other financial instruments give rise to credit risk on the amounts due from the related counterparties. Generally, the Group aims to transact with counterparties with strong investment grade credit ratings. However, the Group recognizes that due to the need to operate over a large geographic footprint, this will not always be possible. Counterparty credit risk is managed on a global basis by limiting the aggregate amount of exposure to any one counterparty, taking into account its credit rating. The credit ratings of all counterparties are reviewed regularly. All derivatives are subject to ISDA agreements or equivalent documentation.

The maximum exposure to the credit risk of financial assets at the balance sheet date is reflected by the carrying values included in the Group's balance sheet. Please refer to the credit risk table further below. The credit quality of cash and cash equivalents is listed in note 16 "Cash and cash equivalents" with over 95% rated from A+ to AAA.

Financial instruments

The tables below sets out the measurement categories and carrying values of financial assets and liabilities with fair value inputs where relevant.

	Note	Measurement category	Carrying value October 31, 2020 \$m	Fair value 2020	Fair value Hierarchy 2020/2019	Carrying value October 31, 2019 \$m
Financial assets						
Non-current						
Long-term pension assets	22	FV OCI	18.2	Fair value insurance based input	Level 3	17.1
Current						
Cash and cash equivalent	16	Amortized cost	737.2	-	-	355.7
Trade and other receivables	14	Amortized cost	648.6	-	-	922.7
Contract assets	14	Amortized cost	33.7	-	-	56.3
			1,437.7			1,351.8
Financial liabilities						
Non-current						
Derivative financial instruments – interest rate swaps ¹	24	FV OCI	77.9	Fair value Bank Institutions	Level 2	36.5
Borrowings (gross) ²	18	Amortized cost	4,699.0	4,535.1	-	4,775.0
Lease obligations	19	Amortized cost	82.2	-	-	11.7
Provisions	21	Amortized cost	22.5	-	-	49.1
Current						
Borrowings (gross) ²	18	Amortized cost	34.2	-	-	-
Lease obligations	19	Amortized cost	168.2	-	-	11.8
Provisions	21	Amortized cost	49.7	-	-	29.3
Trade and other payables – accruals	17	Amortized cost	419.2	-	-	530.3
			5,552.9			5,443.7

¹ Derivative interest rate swaps are measured at FV OCI as a result of hedge accounting. All interest rate swaps are in designated hedge relationships and there are no other derivative financial instruments held as FVTPL.

² Borrowings have a carrying value (net of unamortized prepaid facility arrangement fees and original issue discount) of \$4,640.3 million (2019: \$4,670.7 million). Total borrowings (gross) are shown in this table as \$4,733.2 million (2019: \$4,775.0 million) for the fair value comparison.

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24 Financial risk management and financial instruments continued

Fair value measurement

For trade and other receivables, cash and cash equivalents, provisions, trade and other payables, fair values approximate to book values due to the short maturity periods of these financial instruments. For trade receivables, allowances are made for credit risk.

Long-term borrowings with a carrying value of \$4,640.3 million (2019: \$4,670.7 million) (note 18 “Borrowings”) including unamortized prepaid facility fees and discounts, have a fair value estimate of \$4,535.1 million (2019: \$4,686.0 million) based on trading prices obtained from external banking providers as at October 31, 2020.

Derivative financial instruments measured at fair value are classified as Level 2 in the fair value measurement hierarchy as they have been determined using significant inputs based on observable market data. The fair values of interest rate derivatives are derived from forward interest rates based on yield curves observable at the balance sheet date together with the contractual interest rates. Valuations are updated by the counter-party banks on a monthly basis.

The long-term pension assets are considered to be Level 3 assets under the fair value hierarchy as of October 31, 2020. These assets have been valued by an external insurance expert, by applying a discount rate to the future cash flows and taking into account the fixed interest rate, mortality rates and term of the insurance contract. The movement in the long-term pension assets is disclosed in note 22 “Pension commitments”.

For derivatives and long-term pension assets there were no transfers of assets or liabilities between levels of the fair value hierarchy during the year.

	October 31, 2020 \$m	October 31, 2019 \$m
Interest rate risk		
Interest rate swaps (receive variable, pay fixed)		
Fair value of Derivative liability (total of 4 swaps)	(77.9)	(36.5)
Notional amount (4 x \$562.5 million)	2,250.0	2,250.0
Maturity date	September 30, 2022	September 30, 2022
Change in fair value of outstanding hedging instruments (OCI hedging reserve excluding deferred tax) (note 27)	(41.3)	(122.9)
Change in value of hedging instruments (as above adjusted for impact of credit risk)	(39.9)	(121.9)
Hedging ratio	1.1	1.1

The Group has four interest rate swaps, which are designated in a hedge relationship.

The Group’s approved strategy in accordance with our risk management policies is to minimize the risk of cash flow fluctuations due to interest rate changes in relation to the 1M-USD LIBOR rate for up to half of the Group’s external borrowings for the period 19 October 2017 to 30 September 2022.

The specific risk management objective is to hedge the interest rate risk (cash flow risk) due to changes in the 1M-USD LIBOR rate charged on \$2,250.0 million of the debt issued by Seattle Spin Co Inc. between October 19, 2017 and September 30, 2022.

Derivatives are only used for economic hedging purposes and not as speculative investments.

The swap contracts require settlement of net interest receivable or payable on a monthly basis. The fixed interest rate for each swap is 1.949% and the Group receives a variable rate in line with LIBOR. The Seattle loan is priced at LIBOR (with a 0% floor) plus a current margin of 2.75% with the swaps aimed at addressing the risk of a rising LIBOR element. As such, the total interest cost of the hedged element of the Seattle loan is 4.699%. For the year to October 31, 2020, net interest (finance cost) paid for the swaps amounted to \$23.7 million. For the life of the swap, net interest paid to date amounted to \$17.2 million.

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24 Financial risk management and financial instruments continued

Non-Derivative financial instruments – Designated Euro borrowings

	October 31, 2020 \$m	October 31, 2019 \$m
Foreign exchange risk		
Notional amounts for Designated Euro borrowing		
Euro B-1 2020 tranche €600 million (Borrowings maturity date: June 2025)	665.8	-
Foreign exchange (loss) on revaluation transferred to OCI-CTA		
No sources of ineffectiveness observed in review	(34.5)	-
Euro 2017 tranche €453 million (Borrowings maturity date: June 2024)	528.5	-
Foreign exchange (loss) on revaluation transferred to OCI-CTA		
No sources of ineffectiveness observed in review	(24.2)	-
Hedge ratio for each of the two Net investment hedges	1.1	-

The Group has designated two tranches of non-derivative Euro borrowings in two hedge relationships. The borrowings in place have a designated initial carrying value of approximately €1.05 billion (note 18 “Borrowings”) hedged against Euro designated net investments in foreign operations.

The specific risk management objective is to carry out a net investment hedge in the consolidated financial statements of the Group, to reduce the foreign currency translation exposure arising from the Group’s investments in foreign entities with Euro functional currency through the use of Euro currency borrowings as hedging instruments as permitted by the Group’s Treasury policy.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument. The testing determined that the hedges met the IFRS 9 requirements for the financial reporting year. The IFRS 9 hedging requirements apply to both the interest swaps and the net investment hedges.

The impact of changes in the fair value of interest rate swaps in the 12 months ended October 31, 2020 is shown in the Consolidated statement of comprehensive income. The foreign exchange gains/losses for the revaluation of the net investment hedging instruments are compared against the translation of goodwill and intangibles affecting the cumulative translation reserve on consolidation. No amounts have been reclassified from the hedging reserve to the loss for the year.

Hedge effectiveness may be affected by credit risk (in the case of the interest rate swaps) and the net investment hedged items may be affected by events impacting the carrying value of goodwill and intangible assets such as asset disposals or impairment reviews.

The Group also utilized a forward exchange contract to fix the Sterling equivalent (£150.0 million) on the cancelled May 2020 dividend payment. The forward contract was not designated for formal hedge accounting and was settled early for \$21.8 million within the reporting year as the proposed dividend was cancelled. The charge was made to foreign exchange losses in the Consolidated statement of comprehensive income.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at October 31, 2020 was:

	Note	October 31, 2020 \$m	October 31, 2019 \$m
Trade receivables (gross)	14	628.4	877.9
Cash and cash equivalents	16	737.2	355.7
		1,365.6	1,233.6

The Group applies the IFRS 9 expedited approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables.

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24 Financial risk management and financial instruments continued

Credit risk continued

A provision of the lifetime expected credit loss is established upon initial recognition of the underlying asset by predicting the future cash flows based upon the days past due status of an invoice and other relevant information. The model uses historical collection data along with historical credit losses experienced. The loss allowance is adjusted for forward-looking factors specific to the receivable and the economic environment.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

On that basis, the loss allowance as at October 31, 2020 and 2019 and movements in the loss allowance during each year were determined as follows for trade receivables (note 14 “Trade and other receivables”):

	October 31, 2020 \$m	October 31, 2019 \$m
At November 1 – calculated under IAS 39		41.9
Accounting policy change – IFRS 9 (recognized against retained earnings on November 1, 2018)		20.0
At November 1 – calculated under IFRS 9	42.4	61.9
Loss allowance provided in the period	(4.8)	16.0
Receivables written off as uncollectable	(19.7)	(35.5)
At October 31	17.9	42.4

Ageing is the main internal rating assessment around credit quality for trade receivables: the ageing of gross trade receivables and associated loss allowances can be found in note 14. Contract assets relate to amounts not yet due from customers and contain no amounts past due.

Foreign exchange risk

The Group’s currency exposures comprise those that give rise to net currency gains and losses to be recognized in the Consolidated statement of comprehensive income as well as gains and losses on consolidation, which go to reserves. Such exposures reflect the monetary assets and liabilities of the Group that are not denominated in the operating or functional currency of the operating unit involved and the Group’s investment in net assets in currencies other than US dollar.

Note 3 “Loss before tax” shows the impact on the Consolidated statement of comprehensive income of foreign exchange losses in the 12 months ended October 31, 2020 of \$29.7 million (2019: \$11.3 million loss). The foreign exchange loss in the year includes the loss of \$21.8 million due to the settlement of the foreign exchange contract regarding the cancelled dividend.

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24 Financial risk management and financial instruments continued

Exposure report analysis

The Group's principal exposures in relation to market risks are the changes in the exchange rates between the US dollar and transactions made in other currencies as well as changes in interest rates from US and Euro capital markets. Foreign exchange exposures for all re-measuring balances are tracked and reported to management

The key drivers for foreign exchange exposure are cash, borrowings and inter-company positions with trade receivables and trade payables having less relative aggregate exposure. The table below represents a key currency extract from the Group exposures to movements in currency presenting exposures in excess of \$10 million equivalent. The key exposure relates to the increased Euro debt profile since the May refinancing. The Indian Rupee and Israeli Shekel had key inter-company positions during the year.

Foreign exchange analysis is shown as for reporting to the Treasury Risk committee. Please note that aggregate foreign exchange exposures for the Euro below do not consider the impact of the net investment hedges. However, the impact can be seen in the hedging table above.

Key aggregate currency exposures*	Group exposure \$m	+/- 5% \$m	+/- 10% \$m
Euro	(1,280.1)	64.0	128.0
Indian Rupee (INR)	(42.4)	2.1	4.2
Israeli Shekel (ILS)	(29.2)	1.4	2.9
Chinese Yuan (CNY)	(25.6)	1.3	2.6
Australian Dollar (AUD)	(15.7)	0.8	1.6
Japanese Yen (JPY)	55.1	2.8	5.5
Swedish Krona (SEK)	23.5	1.2	2.4
Swiss Franc (CHF)	18.9	0.9	1.9
Danish Krone (DKK)	17.1	0.9	1.7
Canadian Dollar (CAD)	15.9	0.8	1.6
Mexican Peso (MXN)	14.6	0.7	1.5
United Arab Emirates Dirham (AED)	13.7	0.7	1.4
Czech Koruna (CZK)	10.3	0.5	1.0

* Presenting aggregate foreign exchange exposures in excess of \$10 million equivalent.

Interest rate exposure

Borrowings exposures to variable interest rate changes
(based on gross debt excluding the effects of hedging)

	Group exposure \$m	LIBOR, EURIBOS +1 % \$m
Euro	1,228.7	12.3
US dollar	3,504.5	35.0
Total gross debt (note 18)	4,733.2	47.3

Net debt

The net debt of the Group at the Consolidated statement of financial position date is as follows:

	Note	October 31, 2020 \$m	October 31, 2019 \$m
Borrowings	18	(4,640.3)	(4,670.7)
Cash and cash equivalents	16	737.2	355.7
Lease obligations (2019: Finance lease obligations)	19	(250.4)	(23.5)
Net debt		(4,153.5)	(4,338.5)

Borrowings are shown net of unamortized prepaid facility arrangement fees of \$92.9 million (2019: \$104.3 million). Gross borrowings are \$4,733.2 million (2019: \$4,775.0 million).

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24 Financial risk management and financial instruments continued

Exposure report analysis continued

Change in liabilities arising from financing activities for interest bearing loans (note 18 “Borrowings”) and lease obligations (note 19 “Leases”) were as follows:

	Interest bearing loans \$m	Lease obligations \$m	Total \$m
At November 1, 2019	4,775.0	23.5	4,798.5
Adoption of IFRS16	-	269.8	269.8
	4,775.0	293.3	5,068.3
Draw down/new leases	1,490.8	41.6	1,532.4
Repayments	(1,589.7)	(93.3)	(1,683.0)
Disposals	-	(0.2)	(0.2)
Interest	-	13.2	13.2
Foreign exchange	57.1	(4.2)	52.9
At October 31, 2020	4,733.2	250.4	4,983.6

25 Share capital

Ordinary shares at 10 pence each as at October 31, 2020 (2019: 10 pence each)

	October 31, 2020		October 31, 2019		October 31, 2018	
	Shares	\$m	Shares	\$m	Shares	\$m
Issued and fully paid						
At November 1	363,583,328	47.2	436,800,513	65.8	229,674,479	39.7
Shares issued to satisfy option awards	1,518,327	0.1	6,109,091	0.1	1,894,673	0.2
Shares utilized to satisfy option awards	(556,278)	-	(4,804,817)	-	-	-
Share reorganisation	-	-	(74,521,459)	(18.7)	(16,935,536)	(2.9)
Shares issued relating to acquisition of the HPE Software business	-	-	-	-	222,166,897	28.8
At October 31	364,545,377	47.3	363,583,328	47.2	436,800,513	65.8

“B” shares at 335.859391 pence each (2019: 335.859391 pence each)

	October 31, 2020		October 31, 2019		October 31, 2018	
	Shares	\$m	Shares	\$m	Shares	\$m
Issued and fully paid						
At November 1	-	-	-	-	-	-
Issue of B shares	-	-	413,784,754	1,800.0	229,799,802	500.0
Redemption of B shares	-	-	(413,784,754)	(1,800.0)	(229,799,802)	(500.0)
At October 31	-	-	-	-	-	-

Deferred D shares at 10 pence each

	October 31, 2020		October 31, 2019		October 31, 2018	
	Shares	\$m	Shares	\$m	Shares	\$m
Issued and fully paid						
At November 1	-	-	-	-	-	-
Issue of Deferred shares	-	-	74,521,459	-	-	-
Redemption of Deferred shares	-	-	(74,521,459)	-	-	-
At October 31	-	-	-	-	-	-

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25 Share capital continued

Share issuances during the 12 months ended to October 31, 2020

In the 12 months ended October 31, 2020, 1,518,327 ordinary shares of 10 pence each (2019: 6,109,091; 2018: 1,894,673) were issued and 556,278 treasury shares were utilized by the Company to settle exercised share options (2019: 4,804,817). The gross consideration received in the 12 months ended to October 31, 2020 was \$2.6 million (2019: \$3.1 million, 2018: \$5.8 million).

At October 31, 2020, 29,644,627 treasury shares were held (2019: 30,200,905, 2018: 9,858,205) such that the number of ordinary shares with voting rights was 334,900,750 (2019: 333,382,423) and the number of listed shares at October 31, 2020 was 364,545,377 (2019: 363,583,328; 2018: 436,800,513).

Potential issues of shares

Certain employees hold options to subscribe for shares in the Company at prices ranging from nil pence to 1,963.00 pence under the following share option schemes approved by shareholders in 2005 and 2006: The Long-Term Incentive Plan 2005, the Additional Share Grants, the Sharesave Plan 2006 and the Employee Stock Purchase Plan 2006.

The number of shares subject to options at October 31, 2020 was 18,856,680 (2019: 14,533,973; 2018: 18,156,060).

Share buy-back

On 29 August 2018, the Company announced the start of a share buy-back program for an initial tranche of up to \$200m, which was extended on 5 November 2018 to a total value of \$400 million (including the initial tranche). On 14 February 2019, the buy-back program was extended into a third tranche of up to \$110 million up until the day before the AGM which took place on 29 March 2019 when the current buy-back authority approved by shareholders at the 2017 AGM to make market purchases of up to 65,211,171 ordinary shares expired.

On 17 July 2019, the Company announced a new share buy-back program with an initial tranche of up to \$200 million. The program was affected in accordance with the terms of the authority granted by shareholders at the 2019 AGM and the Listing Rules. On 3 October 2019, the Company completed the \$200 million share buy-back program. The total amount bought back under share buy-back programs was \$710.0 million, excluding expenses.

In addition to purchasing ordinary shares on the London Stock Exchange, Citi acquired American Depositary Receipts representing ordinary shares (“ADRs”) listed on the New York Stock Exchange which it cancelled for the underlying shares and then sold such shares to the Company.

Shares bought back under these programmes are held as treasury shares. Treasury share movements and share buy-back costs are shown below:

	12 months ended October 31, 2020	12 months ended October 31, 2019
	Number	Number
Treasury shares		
Share buy-backs	-	29,160,054
Shares issued to satisfy option awards	-	(4,804,817)
Share reorganisation	-	(4,012,537)
	-	20,342,700
Share buy-backs numbers:		
Ordinary shares bought on the London Stock Exchange	-	25,766,919
ADRs purchased on the New York Stock Exchange	-	3,393,135
	-	29,160,054
Share buy-back cost:	\$m	\$m
Share buy-back cost	-	538.8
Expenses	-	5.9
	-	544.7

The weighted average price of shares bought back in the 12 months ended October 31, 2019 was £14.61 per share.

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25 Share capital continued

Return of Value

On April 29, 2019, a Return of Value was made to shareholders amounting to \$1,800.0 million (£1,389.7m) in cash (335.89 pence per existing Ordinary Share and American Depositary Shares (“ADS”) held at the Record Time of 6.00 pm on 29 April 2019). The Return of Value was approved by shareholders on 29 April 2019. The Return of Value was effected through an issue and redemption of B shares and resulted in a \$1,800.0 million increase in capital redemption reserve and a \$1,800.0 million reduction in the merger reserve. 413,784,754 “B” shares were issued at 335.859391 pence each, resulting in a total \$1,800.0 million being credited to the “B” share liability account. Subsequently and on the same date, 413,784,754 “B” shares were redeemed at 335.859391pence each and an amount of \$1,800.0 million was debited from the “B share liability account. The Group entered into a forward exchange contract to protect the Company from any foreign exchange movement and the resulting payment to shareholders of \$1,800.0 million incurred net transaction costs of \$1.0 million. The Return of Value was accompanied by a 0.8296 share consolidation and the share consolidation resulted in the issue of D deferred shares which were subsequently bought back for 1 pence, resulting in a transfer of \$18.7 million to the capital redemption reserve. The settlement date was 13 May 2019 for the Ordinary Shares.

26 Share premium account

	Note	October 31, 2020 \$m	October 31, 2019 \$m	October 31, 2018 \$m
At November 1		44.0	41.0	192.1
Issue and redemption of B shares		-	-	(156.7)
Movement in relation to share options exercised	29	2.5	3.0	5.6
At October 31		46.5	44.0	41.0

27 Other reserves

	Note	Capital redemption reserve 1 \$m	Merger reserve 2 \$m	Hedging reserve 3 \$m	Total \$m
As at November 1, 2018		666.3	3,724.4	70.0	4,460.7
Return of Value - share consolidation	25	18.7	-	-	18.7
Return of Value - issue and redemption of B shares	25	1,800.0	(1,800.0)	-	-
Hedge accounting	24	-	-	(122.9)	(122.9)
Current tax movement on hedging		-	-	23.3	23.3
Reallocation of merger reserve		-	(184.6)	-	(184.6)
As at October 31, 2019		2,485.0	1,739.8	(29.6)	4,195.2
As at November 1, 2019		2,485.0	1,739.8	(29.6)	4,195.2
Hedge accounting	24	-	-	(41.3)	(41.3)
Current tax movement on hedging		-	-	7.8	7.8
Reallocation of merger reserve		-	27.6	-	27.6
As at October 31, 2020		2,485.0	1,767.4	(63.1)	4,189.3

¹ **Capital redemption reserve**

The capital redemption reserve, a non-distributable reserve, was created as a result of Returns of Value in prior periods (note 26).

² **Reallocation of merger reserve**

The merger reserve is an unrealized profit until it can be realized by the settlement of the intercompany loan by qualifying consideration.

In the 12 months ended October 31, 2019, it was disclosed that \$400.0 million of the merger reserve would be settled in the year. However, as at October 31, 2020, only \$35.4 million of the balance was settled and the balance of \$364.6 million was no longer required. However, \$337.0 million is expected to be settled in qualifying consideration during the year ended October 31, 2021 and as such an equivalent proportion of the merger reserve of \$27.6 million is considered unrealized, in accordance with section 3.11(d) of Tech 02/17 and therefore has been transferred from retained earnings.

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27 Other reserves continued

³ Hedging reserve

A debit of \$33.5 million was recognized in the hedging reserve in relation to hedging transactions entered into in the 12 months ended October 31, 2020 (2019: \$99.6 million debit).

28 Non-controlling interests

At October 31, 2019, the Group had minority shareholders in one subsidiary, Novell Japan Ltd. On June 10, 2020, a payment of 2,526,000 JPY (\$23,570) was made to acquire 842,000 ordinary 1 JYP shares held. This payment increased the Group's shareholding from 84.24% to 100%. The Group will therefore no longer have any non-controlling interests.

	October 31, 2020 \$m	October 31, 2019 \$m	October 31, 2018 \$m
At November 1	1.3	1.0	0.9
Share of profit after tax	-	0.3	0.1
Purchase of non-controlling interests	(1.3)	-	-
At October 31	-	1.3	1.0

Non-controlling interests relate to the companies detailed below:

Company name	Country of incorporation and principal place of business	October 31, 2020 Proportion held	October 31, 2019 Proportion held
Novell Japan Ltd	Japan	100%	84.24%

29 Employees and directors

Staff costs

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Staff costs			
Wages and salaries	1,187.3	1,204.4	1,819.2
Redundancy and termination costs (non-exceptional)	1.0	0.5	2.1
Social security costs	97.5	93.6	159.0
Other pension costs	41.6	41.7	50.4
	1,327.4	1,340.2	2,030.7
Cost of employee share schemes (Share-based payments section below)	17.0	68.8	64.3
Total	1,344.4	1,409.0	2,095.0

	Note	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Pension costs comprise:				
Defined benefit schemes	22	10.4	9.0	7.1
Defined contribution schemes	22	31.2	32.7	43.3
Total		41.6	41.7	50.4

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29 Employees and directors continued

Staff numbers

	12 months ended October 31, 2020 Number	12 months ended October 31, 2019 Number	18 months ended October 31, 2018 Number
Average monthly number of people (including executive directors) employed by the Group:			
Continuing operations			
Sales and distribution	5,066	5,413	5,860
Research and development	5,091	5,056	4,323
General and administration	1,937	1,991	1,378
	12,094	12,460	11,561
Discontinued operation			
Sales and distribution	-	164	515
Research and development	-	170	629
General and administration	-	3	8
	-	337	1,152
Total			
Sales and distribution	5,066	5,577	6,375
Research and development	5,091	5,226	4,952
General and administration	1,937	1,994	1,386
Total	12,094	12,797	12,713

Directors and key management

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Directors			
Aggregate emoluments	4.1	3.7	14.6
Aggregate gains made on the exercise of share options	0.3	79.7	77.7
Company contributions to money purchase pension scheme	-	-	0.7
Total	4.4	83.4	93.0

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Key management compensation			
Short-term employee benefits	12.4	9.5	25.9
Share based payments	2.2	25.3	44.5
Total	14.6	34.8	70.4

The key management figures above include the executive management team and directors. There are no post-employment benefits.

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29 Employees and directors continued

Share-based payments

The amount charged to the Consolidated statement of comprehensive income in respect of share-based payments was \$17.0 million for the 12 months ended October 31, 2020 (2019: \$71.3 million).

	12 months ended October 31, 2020	12 months ended October 31, 2019	18 months ended October 31, 2018
	\$m	\$m	\$m
Share-based compensation – IFRS 2 charge	18.3	62.0	70.9
Employer taxes	(1.3)	6.8	(6.6)
Continuing operations	17.0	68.8	64.3
Discontinued operation	-	2.5	-
Total	17.0	71.3	64.3

As at October 31, 2020, accumulated employer taxes of \$0.6 million (2019: \$1.9 million; 2018: \$20.6 million) are included in trade and other payables and \$nil (2019: \$nil; 2018: \$0.5 million) is included in other non-current liabilities.

The Group has various share-based plans details of which are provided below.

a) Incentive Plan 2005

The Micro Focus International plc Incentive Plan 2005 (“LTIP”) permits the granting of share awards to executive directors and selected employees on a discretionary basis. Awards can be granted as conditional awards of shares or as nil-cost options.

	12 months ended October 31, 2020		12 months ended October 31, 2019	
	Number of awards ‘000	Weighted average exercise price of awards pence	Number of awards ‘000	Weighted average exercise price of awards pence
Outstanding at November 1	9,227	6	5,620	14
Exercised	(734)	1	(3,410)	17
Forfeited/lapsed	(2,100)	22	(545)	27
Granted	7,829	-	7,562	-
Outstanding at October 31	14,222	-	9,227	6
Exercisable at October 31	938	4	1,416	34

The weighted average share price for awards on the date of exercise was 526 pence for the 12 months ended October 31, 2020 (2019: 1,707 pence).

The amount charged to the Consolidated statement of comprehensive income in respect of the LTIP scheme was \$9.3 million for the 12 months ended October 31, 2020 (2019: \$31.1 million). In addition to this \$1.3 million (2019: \$8.5 million charge) was credited to the Consolidated statement of comprehensive income in respect of National Insurance on these share awards.

	October 31, 2020			October 31, 2019		
Range of exercise prices	Weighted average exercise price pence	Number of awards ‘000	Weighted average remaining contractual life years	Weighted average exercise price pence	Number of awards ‘000	Weighted average remaining contractual life years
£0.10 or less	-	14,104	17.2	1	8,982	3.4
£0.11 – £1.00	13	118	2.8	13	137	3.7
£1.01 – £2.00	-	-	-	-	-	-
£2.01 – £3.00	-	-	-	-	-	-
£3.01 – £4.00	-	-	-	-	-	-
More than £4.00	-	-	-	402	108	0.7
	-	14,222	17.1	6	9,227	3.4

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29 Employees and directors continued

Share-based payments continued

Unvested awards granted are subject to the following vesting conditions of either:

Performance criteria	Unvested options Number '000	Description
Free cash flow/ Relative TSR growth	4,601	Awards made with a free cash flow target and relative TSR target over a three-year period.
Continued employment	3,528	Awards under a continuing employment criteria over a two or three-year period.
Adjusted EBITDA growth	2,609	Awards made with Adjusted EBITDA growth targets over a two-year period.
Cumulative Earnings per share ("EPS") growth	1,862	EPS for these awards is defined as Diluted Adjusted EPS. Where the cumulative EPS growth over a three or four-year period is at least equal to RPI plus 3% per annum 25% of awards will vest, with full vesting achieved when the cumulative EPS growth is RPI plus 9% per annum. Straight-line vesting will apply between these points.
Other	684	Various other vesting conditions
	13,284	

The weighted average fair value of awards granted during the 12 months ended October 31, 2020 determined using the Black-Scholes valuation model was £2.01 (2019: £14.54). The significant inputs into the model for the 12 months ended October 31, 2020 were:

	12 months ended October 31, 2020	12 months ended October 31, 2019
Weighted average share price at the grant date	£2.50	£16.44
Expected volatility	72.85%	between 48.91% and 49.68%
Expected dividend yield	23.76%	between 4.78% and 5.87%
Expected option life	2 years	0.76 to four years
Annual risk-free interest rate	0.17%	between 0.49% and 1.38%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical daily share prices over the last three years.

The fair value of awards granted in the 12 months ended October 31, 2020, as determined using the Monte Carlo simulation was \$2.67 and the fair value of awards granted using the share price at the date of grant was \$4.65.

b) Additional Share grants

	12 months ended October 31, 2020				12 months ended October 31, 2019			
	Number of Options			Weighted average exercise price pence	Number of Options			Weighted average exercise price pence
	TAG ASGs '000	HPE Software ASGs '000	Total '000		TAG ASGs '000	HPE Software ASGs '000	Total '000	
Outstanding at November 1	461	3,215	3,676	-	3,062	7,427	10,489	-
Granted	-	-	-	-	-	458	458	-
Exercised	(15)	-	(15)	-	(2,601)	-	(2,601)	-
Surrendered	-	(2,385)	(2,385)	-	-	-	-	-
Lapsed	-	(830)	(830)	-	-	(4,670)	(4,670)	-
Outstanding at October 31	446	-	446	-	461	3,215	3,676	-
Exercisable at October 31	446	-	446	-	461	-	461	-

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29 Employees and directors continued

Share-based payments continued

Additional Share Grants – The Attachmate Group (“TAG”) acquisition

The Remuneration Committee awarded Additional Share Grants (“ASGs”) to a number of senior managers and executives, critical to delivering the anticipated results of the acquisition of The Attachmate Group, which completed on November 20, 2014. These TAG ASG options vested in full.

As at October 31, 2020, 445,917 (2019: 460,917) of these options were vested but not yet exercised.

Additional Share Grants – The HPE Software business acquisition

The Remuneration Committee awarded a number of Additional Share Grants (“ASGs”) to a number of senior managers and executives, critical to delivering the anticipated results of the acquisition of the HPE Software business, which completed on September 1, 2017.

2,385,000 awards were surrendered by the Executive Directors in the year. The remaining HPE ASG awards lapsed in full on July 7, 2020 due to the performance conditions not being met.

The amount charged to the Consolidated statement of comprehensive income in respect of the ASGs was \$3.9 million for the 12 months ended October 31, 2020 (2019: \$30.6 million). In addition to this \$nil (2019: \$1.7 million charge) was credited to the consolidated statement of comprehensive income in respect of National Insurance on these share options in the 12 months ended October 31, 2020.

	October 31, 2020			October 31, 2019		
Range of exercise prices	Weighted average exercise price pence	Number of options ‘000	Weighted average remaining contractual life (years)	Weighted average exercise price pence	Number of options ‘000	Weighted average remaining contractual life (years)
£0.00	-	446	4.1	-	3,676	7.3
	-	446	4.1	-	3,676	7.3

c) Sharesave and Employee Stock Purchase Plan 2006

In August 2006, the Company introduced the Micro Focus Employee Stock Purchase Plan 2006 and the Micro Focus Sharesave Plan 2006, approved by members on 25 July 2006. The Group operates two all-employee plans are the Micro Focus Sharesave Plan 2006 (“Sharesave”) for UK and Ireland based employees and the Micro Focus Employee Stock Purchase Plan 2006 (“ESPP”) for employees in all other locations. The Sharesave and ESPP provide for an annual award of options at a discount to the market price and are open to all eligible Group employees. Under these plans employees make monthly savings over a period (Sharesave three years, ESPP two years) linked to the grant of an option with an option price which can be at a discount (for Sharesave this can be up to 20% of the market value of the shares on grant and for ESPP, this can be up to 15% of the market value of the shares on grant or maturity, whichever is lower). The option grants are subject to employment conditions and continuous savings.

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29 Employees and directors continued

Share-based payments continued

Further Sharesave and ESPP grants were made during the 12 months to October 31, 2020.

Sharesave

	12 months ended October 31, 2020		12 months ended October 31, 2019	
	Number of options ‘000	Weighted average exercise price pence	Number of options ‘000	Weighted average exercise price pence
Outstanding at November 1	438	1,221	496	1,185
Exercised	-	1,023	(81)	1,171
Forfeited	(912)	855	(102)	1,297
Granted	2,409	338	125	1,374
Outstanding at October 31	1,935	293	438	1,221
Exercisable at October 31	-	-	62	1,461

Number of options ‘000	Date of grant	Exercise price per share pence	Exercise period
8	February 23, 2018	1,720.0	April 1, 2021 – September 30, 2021
1	February 23, 2018	1,963.0	April 1, 2021 – September 30, 2021
33	August 3, 2018	1,023.0	October 1, 2021 – March 31, 2022
1	August 3, 2018	1,159.0	October 1, 2021 – March 31, 2022
10	March 7, 2019	1,344.0	April 1, 2022 – September 30, 2022
1	March 7, 2019	1,533.0	April 1, 2022 – September 30, 2022
2	August 5, 2019	1,411.0	October 1, 2021 – March 31, 2023
7	August 5, 2019	1,574.3	October 1, 2021 – August 4, 2022
83	March 5, 2020	617.7	April 1, 2023 – September 30, 2023
8	March 5, 2020	728.2	April 1, 2023 – September 30, 2023
1,680	August 21, 2020	241.3	October 1, 2023 – March 31, 2024
101	August 21, 2020	241.1	October 1, 2023 – March 31, 2024
1,935			

c) Sharesave and Employee Stock Purchase Plan 2006

ESPP

	12 months ended October 31, 2020		12 months ended October 31, 2019	
	Number of options ‘000	Weighted average exercise price ‘000	Number of options ‘000	Weighted average exercise price pence
Outstanding at November 1	1,192	1,182	800	1,047
Exercised	(1,472)	1,027	(17)	1,114
Forfeited	(423)	1,082	(44)	1,440
Granted	2,958	660	453	1,444
Outstanding at October 31	2,255	617	1,192	1,182
Exercisable at October 31	-	-	-	-

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29 Employees and directors continued

Share-based payments continued

	Number of options ‘000	Date of grant	Exercise price per share pence	Exercise period
	244	March 1, 2019	1,428.0	March 1, 2021 – May 31, 2021
	209	October 1, 2019	1,462.8	October 1, 2021 – December 31, 2021
	689	March 1, 2020	635.9	March 1, 2022 – May 31, 2022
	1,113	October 1, 2020	270.2	October 1, 2022 – December 31, 2022
	2,255			

The amount charged to the Consolidated statement of comprehensive income in respect of the Sharesave and ESPP was \$5.1 million for the 12 months ended October 31, 2020 (2019: \$2.8 million).

The weighted average fair value of options granted under Sharesave and ESPP during the 12 months ended October 31, 2020 determined using the Black-Scholes valuation model was £1.27 (2019: £5.93).

The significant inputs into the model for the 12 months ended October 31, 2020 were:

	12 months ended October 31, 2020	12 months ended October 31, 2019
Weighted average share price at the grant date	£4.38	£17.56
Expected volatility	between 57.72% and 72.37%	between 49.06% and 49.68%
Expected dividend yield	between 8.22% and 16.11%	between 4.63% and 5.87%
Expected option life	two or three years	two or three years
Annual risk-free interest rate	between 0.20% and 0.52%	between 0.49% and 1.16%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical daily share prices over the last three years.

30 Contingent liabilities

The Company and several of its subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the ordinary course of business. The directors do not anticipate that the outcome of these proceedings, actions and claims, either individually or in aggregate, will have a material adverse effect upon the Group’s financial position.

Shareholder litigation

Micro Focus International plc and certain current and former directors and officers are involved in two consolidated class action lawsuits in which plaintiffs are seeking damages for alleged violations of the Securities Act of 1933 and the Exchange Act of 1934. Plaintiffs allege false and misleading statements or omissions in offering documents issued in connection with the Hewlett Packard Enterprise software business merger and issuance of Micro Focus American Depositary Shares (“ADS”) as merger consideration, and other purportedly false and misleading statements. No liability has been recognized in either case as the complaint in one lawsuit has been dismissed and plaintiffs are now seeking an appeal, and the other lawsuit is still at an early stage in proceedings and it is too soon to estimate whether there will be any financial impact.

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30 Contingent liabilities continued

Patent litigation

On July 2, 2018, Wapp Tech Limited Partnership and Wapp Tech Corp. (collectively, “Wapp”) sued Micro Focus International plc in the Eastern District of Texas, accusing it of infringing claims of three patents in connection with Micro Focus International plc’s purported manufacture and sale of certain products in the ADM product line, including LoadRunner and Performance Center. Wapp also sued HPE, Wells Fargo & Company, and Bank of America Corporation for their alleged use of the same accused products. On August 13, 2019, the Texas court dismissed Micro Focus International plc for lack of personal jurisdiction, but granted Wapp’s request to amend its complaint to name Micro Focus International plc subsidiaries Seattle SpinCo, Inc., EntIT Software LLC, EntCo Interactive (Israel) Ltd., EntCo Government Software LLC, and Micro Focus (US) Inc. (collectively, the “Subsidiary Defendants”) as defendants. On August 20, 2019, Wapp filed an amended (and operative) complaint in that case naming the Subsidiary Defendants as defendants. The Court stayed the cases against HPE, Bank of America, and Wells Fargo. On December 11, 2020, Micro Focus filed a motion for summary judgment, which the Court denied on January 14, 2021. On December 18, 2020, the case was mediated but did not settle. The Final Pretrial Conference is scheduled for February 2021, and the Micro Focus trial is set for March 1, 2021. Micro Focus’ defences against liability include that the patent claims are not infringed, and that the patent claims are invalid. These infringement and invalidity claims will be contested on their merits at trial. Due to the Group’s assessment that the asserted patent claims are not infringed and/or are invalid, no provision is recorded for this matter, however as the outcome of the trial is uncertain we have disclosed this potential obligation.

31 Related party transactions

The Group’s related parties are its subsidiary undertakings, key management personnel and post-employment benefit plans.

Subsidiaries

Transactions between the Company and its subsidiaries have been eliminated on consolidation.

Remuneration of key management personnel

The remuneration of key management personnel of the Group (which is defined as members of the executive committee including executive directors) is set out in note 29. There are no loans between the Group and the key management personnel.

Transactions with other related parties

The following transactions occurred with other related parties:

- Contributions made to pension plans by the Group on behalf of employees are set out in note 22.
- Sales and purchases of goods and services between related parties are not considered material.

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32 Discontinued operation

A. SUSE business

On July 2, 2018, the Group announced the proposed sale of the SUSE business segment to Blitz 18-679 GmbH (subsequently renamed to Marcel Bidco GmbH), a newly incorporated directly wholly owned subsidiary of EQTVIII SCS, which is advised by EQT Partners. The total cash consideration of \$2.5 billion was on a cash and debt free basis and subject to normalization of working capital.

On August 21, 2018, Shareholders voted to approve the proposed transaction whereby the Company agreed to sell its SUSE business segment to Marcel Bidco GmbH, for a total cash consideration of approximately \$2.5 billion, subject to customary closing adjustments. Following this vote, all applicable antitrust, competition, merger control and governmental clearances was obtained. The sale was completed in the prior year (March 15, 2019) and the SUSE business segment was treated as discontinued in the prior year financial statements and in the comparatives of these financial statements.

Discontinued operation – Financial performance

	12 months ended October 31, 2020			12 months ended October 31, 2019		
	Before Exceptional Items \$m	Exceptional Items \$m	Total \$m	Before Exceptional Items \$m	Exceptional Items \$m	Total \$m
Revenue	-	-	-	127.0	-	127.0
Operating costs	-	-	-	(89.3)	-	(89.3)
Operating profit	-	-	-	37.7	-	37.7
Share of results of associate	-	-	-	(0.3)	-	(0.3)
(Loss)/profit on disposal of the SUSE business	-	(3.0)	(3.0)	-	1,767.9	1,767.9
(Loss)/profit before taxation	-	(3.0)	(3.0)	37.4	1,767.9	1,805.3
Taxation	7.3	0.8	8.1	(8.7)	(309.4)	(318.1)
Profit for the year from discontinued operation	7.3	(2.2)	5.1	28.7	1,458.5	1,487.2

The profit on disposal of the SUSE business for the 12 months ended October 31, 2020 related to conclusion of the working capital settlement and adjustments in respect of income tax balances owed in respect of pre-transaction periods.

The cash flow statement shows amounts related to the discontinued operations:

	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m
Net cash inflows from operating activities	-	18.6
Net cash outflows from investing activities	1.3	-
Net cash flows from financing activities	-	-

In the prior year, on March 15, 2019, the Group disposed of the SUSE business for \$2,540.3 million. Details of net assets disposed of and the profit on disposal are as follows:

	Carrying value pre- disposal \$m
Non-current assets classified as held for sale	989.8
Current assets classified as held for sale	127.3
Current liabilities classified as held for sale	(288.5)
Non-current liabilities classified as held for sale	(177.3)
Net assets disposed	651.3

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32 Discontinued operation continued

A. SUSE Business continued

The profit on disposal was calculated as follows:

	\$m
Disposal proceeds	2,540.3
Costs to sell recognized in the year	(45.3)
Disposal proceeds, less costs to sell recognized in the year	2,495.0
Net assets disposed	(651.3)
Profit on disposal	1,843.7
Cumulative exchange gain in respect of the net assets of the subsidiaries, reclassified from equity on disposal	(75.8)
Profit on disposal	1,767.9

The profit on disposal is reflected in the prior year in profit for the year from discontinued operations in the Consolidated statement of comprehensive income. All cash flows occurred in the prior year.

The inflow of cash and cash equivalents on the disposal of the SUSE business is calculated as follows:

	\$m
Disposal proceeds, less total costs to sell	2,495.0
Cash disposed	(21.5)
Investing cash flows generated from discontinued operations, net of cash disposed	2,473.5

B. Atalla

On May 18, 2018 the Company entered into an agreement with Utimaco Inc. (“Utimaco”), under which Utimaco would acquire Atalla for \$20 million in cash. The deal was subject to regulatory approval by the Committee on Foreign Investment in the United States (“CFIUS”). CFIUS placed the deal into investigation in September and final approval was received October 10, 2018. The deal closed on November 5, 2018 and Utimaco acquired the Atalla HSM product line, the Enterprise Security Manager (“ESKM”) product line, and related supporting assets, including applicable patents and other IP.

In the prior year, on November 5, 2018, the Group disposed of the Atalla business for a net cash consideration of \$20.0 million. Details of net assets disposed of and the profit on disposal are as follows:

	Carrying value pre-disposal
	\$m
Goodwill	28.0
Property, plant and equipment	0.3
Non-current assets	28.3
Deferred income	(12.0)
Current liabilities	(12.0)
Net assets disposed	16.3

The profit on disposal was recorded as exceptional (note 4) in the prior year and in the comparatives of these financial statements was calculated as follows:

	\$m
Disposal proceeds	20.0
Net assets disposed	(16.3)
Profit on disposal	3.7

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33 Acquisitions

Summary of acquisitions

	Carrying value at acquisition \$m	Fair value adjustments \$m	Goodwill \$m	Consideration		
				Shares \$m	Cash \$m	Total \$m
Acquisitions in the 12 months ended October 31, 2020:						
ATAR Labs	0.9	5.0	1.4	-	7.3	7.3
	0.9	5.0	1.4	-	7.3	7.3
Acquisitions in the 12 months ended October 31, 2019:						
Interset Software Inc.	0.9	61.3	26.8	-	89.0	89.0
	0.9	61.3	26.8	-	89.0	89.0
Acquisitions in the 18 months ended October 31, 2018:						
HPE Software business	(2,487.8)	4,143.7	4,858.3	6,514.2	-	6,514.2
COBOL-IT	(3.0)	14.0	5.6	-	16.7	16.7
	(2,490.8)	4,157.7	4,863.9	6,514.2	16.7	6,530.9

Acquisitions in the 12 months ended October 31, 2020:

1 ATAR Labs

On July 7, 2020, the Group completed the acquisition of ATAR Labs (“ATAR Labs”). ATAR Labs integrates into the ArcSight portfolio to create a fast-acting environment against threats with top-of-the-line capabilities.

Total consideration of \$7.3 million consists of initial consideration of \$6.0 million with a further deferred consideration payment of \$1.3 million to be paid in two yearly instalments. The Group has not presented the full IFRS 3 “Business Combinations” disclosures as this acquisition is not material to the Group, given that it was an acquisition of a business with a carrying value of \$1.7 million of assets and \$0.8 million of liabilities.

A fair value review was carried out on the assets and liabilities of the acquired business, resulting in the identification of intangible assets.

	Note	Carrying value at acquisition \$m	Fair value adjustments \$m	Fair value \$m
Intangible assets – purchased ¹	11	1.6	5.0	6.6
Other current assets		0.1	-	0.1
Borrowings		(0.1)	-	(0.1)
Provisions – short-term	21	(0.4)	-	(0.4)
Deferred income – short-term		(0.3)	-	(0.3)
Net assets		0.9	5.0	5.9
Goodwill (note 10)				1.4
Consideration				7.3
Consideration satisfied by:				
Cash				6.0
Deferred consideration to be settled in cash				1.3
				7.3

The fair value adjustments relate to:

¹ Purchased intangible assets of \$6.6 million have been valued based on a market participant point of view and the fair value has been based on various characteristics of the product lines and intangible assets of ArcSight.

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33 Acquisitions continued

Acquisitions in the 12 months ended October 31, 2019:

1 Acquisition of Intersect Software Inc.

On February 15, 2019, the Group completed the acquisition of Intersect Software Inc. (“Intersect”), a worldwide leader in security analytics software that provides highly intelligent and accurate cyber-threat protection. The addition of this predictive analytics technology adds depth to Micro Focus’ Security, Risk & Governance portfolio, and aligns with the Company’s strategy to help customers quickly and accurately validate and assess risk as they digitally transform their businesses.

Consideration of \$89.0m consists of completion payment of \$85.0 million, working capital adjustments and net cash adjustments. The Group did not presented the full IFRS 3 “Business Combinations” disclosures as this acquisition is not material to the Group, given that it was an acquisition of a business with a carrying value of \$5.5 million of assets and \$4.6 million of liabilities.

A fair value review was carried out on the assets and liabilities of the acquired business, resulting in the identification of intangible assets. The fair value review was finalised in the 12-month period following completion, which ended on February 15, 2020. No adjustments were identified

		Carrying value at acquisition	Fair value adjustments	Fair value
	Note	\$m	\$m	\$m
Intangible assets – purchased ¹	11	-	61.2	61.2
Property, plant and equipment	12	0.3	-	0.3
Other non-current assets		0.2	-	0.2
Trade and other receivables		3.8	-	3.8
Cash and cash equivalent		1.2	-	1.2
Trade and other payables		(1.5)	-	(1.5)
Finance leases obligations – short term		(0.1)	-	(0.1)
Provisions – short-term	21	(0.7)	-	(0.7)
Deferred income – short-term ²		(2.1)	0.1	(2.0)
Deferred income – long-term ²		(0.2)	-	(0.2)
Net assets		0.9	61.3	62.2
Goodwill (note 10)				26.8
Consideration				89.0
Consideration satisfied by:				
Cash				89.0

The fair value adjustments relate to:

- 1 Purchased intangible assets of \$61.2 million (\$44.5 million Technology, \$4.2 million Trade names, \$12.5 million Customer Relationships) have been valued based on a market participant point of view and the fair value has been based on various characteristics of the product lines and intangible assets of Intersect.
- 2 Deferred income has been valued taking account of the remaining performance obligations.

The value of the goodwill represents the value of the assembled workforce at the time of the acquisition with specific knowledge and technical skills. It also represents the prospective future economic benefits that are expected to accrue from enhancing the portfolio of products available to the Company’s existing customer

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33 Acquisitions continued

Acquisitions in the year ended October 31, 2018:

1 Acquisition of the HPE Software business

On September 1, 2017, the Company completed the acquisition of HPE's software business ("HPE Software") by way of merger with a wholly owned subsidiary of HPE incorporated to hold the business of HPE Software in accordance with the terms of the previously announced merger agreement ("Completion"). Accordingly, on Admission, American Depositary Shares representing 222,166,897 Consideration Shares were issued to HPE Shareholders, representing 50.1% of the fully diluted share capital of the Company. The fair value of the ordinary shares issued was based on the listed share price of the Company as of August 31, 2017 of \$6.5 billion. The costs of acquiring the HPE Software business of \$70.1 million are included in exceptional items (note 4) and include costs relating to due diligence work, legal work on the acquisition agreement and professional advisors on the transaction.

There was judgment used in identifying who the accounting acquirer was in the acquisition of the HPE Software business, as the resulting shareholdings were not definitive to identify the entity, which obtains control in the transaction. The Group considered the other factors laid down in IFRS, such as the composition of the governing body of the combined entity, composition of senior management of the combined entity, the entity that issued equity interest, terms of exchange of equity interests, the entity which initiated the combination, relative size of each entity, the existence of a large minority voting interest in the combined entity and other factors (e.g. location of headquarters of the combined entity and entity name). The conclusion of this assessment is that the Company is the accounting acquirer of the HPE Software business, and the acquisition accounting, as set out below, has been performed on this basis.

Details of the net assets acquired and goodwill are as follows:

	Carrying value at acquisition \$m	Fair value adjustments \$m	Fair value \$m
Intangible assets	72.8	6,467.0	6,539.8
Property, plant and equipment	160.1	-	160.1
Other non-current assets	41.9	-	41.9
Inventories	0.2	-	0.2
Trade and other receivables	721.2	-	721.2
Current tax recoverable	0.5	-	0.5
Cash and cash equivalents	320.7	-	320.7
Trade and other payables	(686.8)	1.6	(685.2)
Current tax liabilities	(9.9)	-	(9.9)
Borrowings	(2,547.6)	-	(2,547.6)
Short-term provisions	(30.2)	-	(30.2)
Short-term deferred income ²	(701.2)	58.0	(643.2)
Long-term deferred income ²	(116.9)	8.7	(108.2)
Long-term provisions	(39.0)	-	(39.0)
Retirement benefit obligations	(71.5)	-	(71.5)
Other non-current liabilities	(52.3)	12.1	(40.2)
Deferred tax assets/(liabilities) ³	450.2	(2,403.7)	(1,953.5)
Net (liabilities)/assets	(2,487.8)	4,143.7	1,655.9
Goodwill	-		4,858.3
Consideration			6,514.2
Consideration satisfied by:			
Shares			6,514.2

The Group has used acquisition accounting for the purchase and the goodwill arising on consolidation of \$4,858.3 million has been capitalized. The Group made a repayment of working capital in respect of the HPE Software business acquisition of \$225.8 million in the period.

Trade and other receivables are net of a provision for impairment of trade receivables of \$21.5 million.

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33 Acquisitions continued

Acquisitions in the year ended October 31, 2018 continued:

1 Acquisition of the HPE Software business continued

A fair value review has been carried out on the assets and liabilities of the acquired business, resulting in the identification of intangible assets.

The fair value adjustments include:

- ¹ Purchased intangible assets have been valued based on a market participant point of view and the fair value has been based on various characteristics of the product lines and intangible assets of the HPE Software business;
- ² Deferred income has been valued taking account of the remaining performance obligations; and
- ³ A deferred tax liability has been established relating to the purchase of intangibles.

The purchased intangible assets acquired as part of the acquisition can be analyzed as follows:

	Fair value \$m
Technology	1,809.0
Customer relationships	4,480.0
Trade names	163.0
Leases	15.0
	6,467.0

The value of the goodwill represents the value of the assembled workforce at the time of the acquisition with specific knowledge and technical skills. It also represents the prospective future economic benefits that are expected to accrue from enhancing the portfolio of products available to the Company's existing customer base with those of the acquired business.

As a consequence of the HPE Software business transaction, the Group is subject to potentially significant restrictions relating to tax issues that could limit the Group's ability to undertake certain corporate actions (such as the issuance of Micro Focus shares or Micro Focus ADSs or the undertaking of a merger or consolidation) that otherwise could be advantageous to the Group. The Group is obliged to indemnify HPE for tax liabilities relating to the separation of the HPE Software business from HPE if such liabilities are triggered by actions taken by the Group. The Group has robust procedures in place, including on-going consultation with its tax advisors, to ensure no such triggering actions are taken.

2 Acquisition of COBOL-IT, SAS

On December 1, 2017, the Group completed on the acquisition of COBOL-IT SAS ("COBOL-IT"). COBOL-IT is in the business of designing, editing and commercialization of software, IT devices and related services.

Consideration of \$16.7 million consists of a completion payment of Euro 11.3 million, retention amounts of Euro 2.7 million payable at a later date, working capital adjustments and net cash adjustments. The Group did not present the full IFRS 3 "Business Combinations" disclosures as this acquisition was not material to the Group.

A fair value review was carried out on the assets and liabilities of the acquired business, resulting in the identification of intangible assets. The fair value review was finalised in the 12-month period following completion, which ended on November 30, 2018. Goodwill of \$5.6 million, deferred tax liabilities of \$3.9 million, purchased intangibles of \$14.0 million (Purchased Technology \$1.5 million, Customer relationships \$12.3 million and Trade names \$0.2 million) and cash of \$1.0 million were recorded as a result of the COBOL-IT acquisition and no adjustments were identified.

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33 Acquisitions continued

Acquisitions in the year ended October 31, 2018 continued:

3 Acquisition of Covertix

On May 15, 2018, the Group entered into an Asset Purchase Agreement (“the agreement”) to acquire certain assets of Covertix, an Israeli company that had entered voluntary liquidation in April 2018. Covertix used their patented solutions to develop and sell security products that offered control and protection of confidential files when shared with both internal and external parties. Prior to entering liquidation Covertix had offices in Israel and the US, with partners in the Netherlands and Singapore.

Under the agreement, the Group paid \$2.5 million in cash to acquire certain equipment, patents, and licence rights under certain agreements, and seven employees all involved in R&D activities. The purchase completed on July 26, 2018.

Under IFRS 3, the Covertix Ltd. acquisition was considered to be a business combination, however due to the immaterial amount of the transaction, the assets acquired have been recorded at cost and are being amortized over their useful lives within the ledgers of the acquiring entities. The Company did not create a new subsidiary for Covertix and no goodwill has been recorded.

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34. Cash flow statement

	Note	12 months ended October 31, 2020 \$m	12 months ended October 31, 2019 \$m	18 months ended October 31, 2018 \$m
Cash flows from operating activities				
(Loss)/profit from continuing operations		(2,974.6)	(18.1)	707.2
Profit from discontinued operation		5.1	1,487.2	76.9
(Loss)/profit for the year		(2,969.5)	1,469.1	784.1
Adjustments for:				
Loss/(gain) on disposal of discontinued operation	32	3.0	(1,767.9)	-
Net finance costs	6	279.0	255.8	342.7
Taxation – continuing operations	7	34.2	(16.0)	(673.1)
Taxation – discontinued operation	32	(8.1)	318.1	34.2
Share of results of associates	28	-	0.3	1.8
Operating (loss)/profit (attributable to continuing and discontinued operations)		(2,661.4)	259.4	489.7
- continuing operations		(2,661.4)	221.7	376.8
- discontinued operation	32	-	37.7	112.9
		(2,661.4)	259.4	489.7
Goodwill impairment charge	10	2,799.2	-	-
Research and development tax credits		(1.8)	(1.2)	(2.0)
Depreciation of property, plant and equipment ¹	12	42.0	52.6	71.2
Depreciation of right-of-use asset (2019 and 2018: finance lease depreciation) ¹	19	76.9	13.9	17.4
Loss on disposal of property, plant and equipment	12	5.6	3.6	4.7
Loss on disposal of intangible assets	11	0.6	-	-
Gain on disposal of Atalla	32,4	-	(3.7)	-
Amortization of intangible assets	11	674.1	716.5	943.3
Amortization of contract-related costs		16.1	10.2	-
Leases impairment	19	5.9	-	-
Share-based compensation charge	29	17.0	71.3	72.2
Foreign exchange movements	3	29.7	11.1	(34.6)
Provisions movements	21	46.3	43.8	142.8
Changes in working capital :				
Inventories		0.1	-	0.1
Trade and other receivables		262.0	183.0	(408.8)
Increase in contract-related costs		(26.5)	(36.7)	-
Payables and other liabilities		(69.8)	(114.8)	131.3
Provision utilization	21	(37.5)	(58.6)	(145.0)
Contract liabilities - deferred income		(103.1)	(98.5)	131.4
Pension funding difference to operating profit charge		7.4	4.4	4.0
Cash generated from operations		1,082.8	1,056.3	1,424.3

¹ As a result of the adoption of IFRS 16, depreciation in the 12 months ended October 31, 2019 of \$66.5 million has been represented as property, plant and equipment depreciation of \$52.6 million and right-of-use asset depreciation of \$13.9 million. The comparative of \$13.9 million in the 12 months ended October 31, 2019 and \$17.4m in the 18 months ended October 31, 2018 relates to assets classified as property, plant and equipment that were held under a finance lease.

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35 Related undertakings

In accordance with section 409 of the UK Companies Act 2006 (the “Act”), information on all related undertakings of the Group is set out below. Related undertakings are categorized in the Act as being “subsidiaries”, “associated undertakings” and “significant holdings in undertakings other than subsidiary companies”. The information below is stated as at October 31, 2020.

The definition of a subsidiary undertaking in the Act is different from the definition of that term under IFRS. As a result, related undertakings included within this list may not be the same as the related undertakings consolidated in the Group IFRS financial statements. As disclosed in note 28 the Group owns 100% of all subsidiary undertakings.

	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
1	Attachmate Australasia Pty Limited	Australia	Ordinary Shares AU\$1.00	In liquidation	1
2	Attachmate Group Australia Pty Limited	Australia	Ordinary Shares	Sale and support of software	1
3	Autonomy Australia Pty Limited	Australia	Ordinary Shares AU\$1.00	In liquidation	1
4	Autonomy Systems Australia Pty Limited	Australia	Ordinary Shares AU\$1.00	In liquidation	1
5	Borland Australia Pty Limited	Australia	Ordinary Shares AU\$1.00	In liquidation	1
6	Entco Australia Pty Limited	Australia	Ordinary Shares AU\$1.00	In liquidation	1
7	Micro Focus Australia Pty Ltd	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
8	Micro Focus Pty Limited	Australia	Ordinary Shares AU\$1.00	Sale and support of software	1
9	Serena Software Pty Limited	Australia	Ordinary Shares AU\$1.00	In liquidation	1
10	Micro Focus Austria GmbH (formerly Borland Entwicklung GmbH)	Austria	Registered capital	Development of software	2
11	Autonomy Belgium BVBA	Belgium	Ordinary Shares	Sale and support of software	3
12	Micro Focus Belgium BV	Belgium	Ordinary Shares	Sale and support of software	3
13	Micro Focus Srl	Belgium	Ordinary Shares	Sale and support of software	4
14	Borland Latin America Ltda	Brazil	Quota R\$1.00	Sale and support of software	5
15	Cambridge Technology Partners do Brasil s.c. Ltda	Brazil	Quota R\$1.00	Dormant	5
16	Micro Focus Brasil Serviços de Tecnologia Ltda	Brazil	Quota R\$1.00	Sale and support of software	5
17	Micro Focus Programação de Computadores Ltda	Brazil	Quota R\$1.00	Sale and support of software	5
18	Peregrine Systems do Brasil Ltda	Brazil	Quota R\$1.00	Sale and support of software	6
19	Serena Software Do Brasil Ltda	Brazil	Quota R\$1.00	Sale and support of software	5
20	Verity Worldwide Limited	British Virgin Islands	Ordinary shares US\$50,000.00	Sale and support of software	7
21	Micro Focus APM Solutions Limited (EOD)	Bulgaria	Ordinary Shares BGN1,000.00	Development of software	8
22	Micro Focus Bulgaria EOOD	Bulgaria	Ordinary Shares BGN1.00	Sale and support of software	8
23	Autonomy Systems (Canada) Limited	Canada	Class A Common Stock	Sale and support of software	9
24	GWAVULC	Canada	Common Stock	Holding Company	10

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35 Related undertakings continued

	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
25	Micro Focus (Canada) ULC	Canada	Common Shares	Development, sale and support of software	10
26	Intersect Software ULC	Canada	Common Shares	Holding Company	11
27	Micro Focus Software (Canada), ULC	Canada	Common Shares	Sale and support of software	12
28	Micro Focus Software Solutions Canada Co. / Solutions Logiciels Micro Focus Canada Cie.	Canada	Common Shares	Sale and support of software	13
29	NetManage Canada ULC	Canada	Common Shares	Dormant	10
30	Entco Capital Co	Cayman Islands	Ordinary Shares US\$1.00	Sale and support of software	14
31	Entco Investment Co	Cayman Islands	Ordinary Shares US\$1.00	Sale and support of software	14
32	Micro Focus International Limited	Cayman Islands	Class A Ordinary Shares US\$0.00001 Class B Ordinary Shares US\$0.00001 Class C Ordinary Shares US\$0.00001 Class L Ordinary Shares US\$0.00001	Dormant	14
33	Micro Focus IP Limited	Cayman Islands	Class A Ordinary Shares €0.01 Class B Preferred Redeemable Shares €0.01	Holding Company	14
34	Entco Marigalante Limited	Cayman Islands	Ordinary Shares US\$1.00	Sale and support of software	14
35	Autonomy Systems (Beijing) Limited Company	China	Registered Capital	Sale and support of software	15
36	Shanghai Micro Focus Software Technology Co. Limited (formerly Shanghai Entco Software Technology Co., Limited)	China	Registered Capital	Sale and support of software	16
37	Shanghai Micro Focus Software Technology Co. Limited (formerly Shanghai Entco Software Technology Co., Limited), Beijing Branch	China	Branch	Sale and support of software	17
38	Shanghai Micro Focus Software Technology Co. Limited (formerly Shanghai Entco Software Technology Co., Limited), Chongqing Branch	China	Branch	Sale and support of software	18
39	Shanghai Micro Focus Software Technology Co. Limited (formerly Shanghai Entco Software Technology Co., Limited), Shenzhen Branch	China	Branch	Sale and support of software	19
40	Shanghai Micro Focus Software Technology Co. Limited (formerly Shanghai Entco Software Technology Co., Limited), Shangdong Branch	China	Branch	Sales and support of software	20
41	Singapore Micro Focus Pte Ltd Shanghai Representative Office	China	Branch	Sale and support of software	21
42	UK Micro Focus Limited Beijing Representative Office	China	Branch	Sale and support of software	22
43	Micro Focus CentroAmerica CAC Limiteda	Costa Rica	Quota CRC1,000.00	Sale and support of software	23
44	Micro Focus Costa Rica Limiteda	Costa Rica	Quota CRC1,000.00	Sale and support of software	23
45	NetIQ Software International Limited	Cyprus	Ordinary Shares of C£1.00	Dormant	24
46	Micro Focus Czechia s.r.o	Czech Republic	Registered Capital	Sale and support of software	25
47	Micro Focus Denmark, filial af Micro Focus AS, Norge (Branch)	Denmark	Branch	Sale and support of software	26
48	Micro Focus Software Denmark ApS	Denmark	Ordinary Shares DKK1.00	Sale and support of software	26

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35 Related undertakings continued

	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
49	Micro Focus AS, Filial i Finland (Branch)	Finland	Branch	Sale and support of software	27
50	Borland (France) Sarl	France	Ordinary Shares €15.25	Sale and support of software	28
51	Cobol-IT, SAS	France	Ordinary Shares €1.00	Sale and support of software	28
52	Micro Focus France SAS	France	Ordinary Shares €1.00	Sale and support of software	29
53	Micro Focus SAS	France	Ordinary Shares €10.00	Sale and support of software	28
54	Attachmate Group Germany GmbH	Germany	Ordinary Shares €191,000.00	Sale and support of software	30
55	Borland GmbH	Germany	Ordinary Shares €49,500.00 Ordinary Shares €450,000.00 Ordinary Shares €100,000.00 Ordinary Shares €500.00	Dormant	30
56	GWAVA EMEA GmbH	Germany	Registered Capital	Sale and support of software	31
57	Micro Focus Deutschland GmbH	Germany	Registered Capital	Sale and support of software	30
58	Micro Focus GmbH	Germany	Registered Capital	Sale and support of software	30
59	Novell Holdings Deutschland GmbH	Germany	Registered Capital	Holding Company	30
60	Serena Software GmbH	Germany	Registered Capital	Sale and support of software	32
61	Attachmate (Hong Kong) Limited	Hong Kong	Ordinary Shares HK\$1.00	In liquidation	33
62	Borland (H.K.) Limited	Hong Kong	Ordinary Shares HK\$1.00	In liquidation	33
63	EntCorp Hong Kong Limited	Hong Kong	Ordinary Shares HK\$1.00	Sale and support of software	34
64	Micro Focus Limited Hong Kong (Branch)	Hong Kong	Branch	Sale and support of software	33
65	Micro Focus Software HK Limited	Hong Kong	Ordinary Shares HK\$10.00	Sale and support of software	33
66	NetIQ Asia Ltd.	Hong Kong	Ordinary Shares HK\$1.00	In liquidation	33
67	Autonomy Software Asia Private Limited	India	Equity Shares INR10.00	Sale and support of software	35
68	Borland Software India Private Limited	India	Equity Shares INR10.00	Dormant	36
69	Entco IT Services Private Limited	India	Equity Shares INR10.00	Sale and support of software	37
70	Interwoven, Inc., India Branch	India	Branch	Sale and support of software	38
71	Micro Focus India Private Limited	India	Equity Shares INR10.00	In liquidation	36
72	Micro Focus Software India Private Limited	India	Equity Shares INR10.00	Development, sale and support of software	36
73	Micro Focus Software Solutions India Private Limited	India	Equity Shares INR10.00	Sale and support of software	39

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35 Related undertakings continued

	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
74	Novell India Private Ltd.	India	Equity Shares INR10.00	In liquidation	40
75	Relativity Technologies Private Limited	India	Equity Shares INR10.00	In liquidation	36
76	Attachmate Ireland Limited	Ireland	Ordinary Shares €1.27	Sale and support of software	41
77	Entsoft Holding Ireland Unlimited Company	Ireland	Ordinary Shares US\$1.00	Holding Company	41
78	Micro Focus (IP) Ireland Limited	Ireland	Ordinary Shares US\$1.00	Dormant	42
79	Micro Focus (Ireland 1) Limited	Ireland	Ordinary Shares US\$1.00	In liquidation	42
80	Micro Focus (Ireland 2) Limited	Ireland	Ordinary Shares US\$1.00	In liquidation	42
81	Micro Focus Finance Ireland Limited	Ireland	Ordinary Shares US\$1.00	In liquidation	42
82	Micro Focus Galway Limited	Ireland	Ordinary Shares €1.00	Sale and support of software	41
83	Micro Focus Group Holdings Unlimited Company	Ireland	Ordinary Shares €1.00	Holding Company	42
84	Micro Focus International Holdings Limited	Ireland	Ordinary Shares €1.00	Holding Company	42
85	Micro Focus Ireland Limited	Ireland	Ordinary Shares €1.00	Development, sale and support of software	42
86	Micro Focus Software (Ireland) Limited	Ireland	Ordinary Shares €1.25 Ordinary Shares US\$1.00	Development, sale and support of software	43
87	Micro Focus Software Solutions Ireland Limited	Ireland	Ordinary Shares €1.00	Sale and support of software	41
88	NetIQ Europe Limited	Ireland	Ordinary Shares €1.00	Sale and support of software	41
89	NetIQ Ireland Limited	Ireland	Ordinary Shares €1.00	Holding Company	42
90	Novell Cayman Software International Unlimited Company	Ireland	Ordinary Shares US\$1.00	Holding Company	42
91	Novell Cayman Software Unlimited Company	Ireland	Ordinary Shares US\$1.00	Holding Company	42
92	Novell Ireland Real Estate Unlimited Company	Ireland	Ordinary Shares €1.25 A Ordinary Shares €1.25	In liquidation	42
93	Novell Software International Limited	Ireland	Ordinary Shares US\$1.00	Holding Company	42
94	Micro Focus Interactive Israel Ltd	Israel	Ordinary Shares of NIS1.00	Sale and support of software	44
95	Micro Focus Israel Limited	Israel	Ordinary Shares NIS1.00	Development and support of software	45
96	Micro Focus Software Israel Ltd	Israel	Ordinary Shares NIS1.00	Sale and support of software	44
97	N.Y. NetManage (Yerushalayim) Ltd	Israel	Ordinary Shares NIS1.00	Dormant	46
98	Novell Israel Software International Limited	Israel	Ordinary Shares NIS1.00	Dormant	47
99	Enterprise Corp Italiana S.r.l.	Italy	Quota €10,000.00	Sale and support of software	48
100	Micro Focus Italiana S.r.l.	Italy	Quota €1,000,000.00	Sale and support of software	49
101	Micro Focus Srl	Italy	Quota €1200,000.00	Sale and support of software	49
102	Serena Software Europe Limited - Italy Branch	Italy	Branch	Sale and support of software	49

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	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
103	Verity Italia S.r.l.	Italy	Quota €25,000.00	Sale and support of software	50
104	Entcorp Japan K.K.	Japan	Ordinary Shares	Sale and support of software	51
105	Micro Focus Enterprise Ltd	Japan	Ordinary Shares	Sale and support of software	52
106	Micro Focus LLC	Japan	Interest in Capital	Sale and support of software	52
107	Novell Japan, Ltd	Japan	Common Stock	Sale and support of software	52
108	Serena Software Japan LLC	Japan	Interest in Capital	Sale and support of software	52
109	Micro Focus Luxembourg S.à r.l.	Luxembourg	Ordinary Shares	Sale and support of software	53
110	Verity Luxembourg S.à r.l.	Luxembourg	Ordinary Shares €25.00	Sale and support of software	54
111	Micro Focus Malaysia Sdn. Bhd.	Malaysia	Ordinary Shares RM1,000.00	Sale and support of software	55
112	Novell Corporation (Malaysia) Sdn. Bhd.	Malaysia	Ordinary Shares RM1.00	Sale and support of software	56
113	Micro Focus International Mexico, S. de R.L. de C.V.	Mexico	Equity Interest Quota MXN1.00	Sale and support of software	57
114	Micro Focus Limited Mexico (Branch)	Mexico	Branch	Sale and support of software	57
115	Micro Focus Software Mexico, S. De R.L. De C.V.	Mexico	Equity Interest Quota MXN1.00	Sale and support of software	57
116	Micro Focus Software Solutions Mexico, S. de R.L. de C.V.	Mexico	Equity Interest Quota MXN1.00	Sale and support of software	57
117	Authasas B.V	Netherlands	Ordinary Shares A €1.00 Ordinary Shares B €1.00	Sale and support of software	58
118	Autonomy HoldCo B.V.	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	58
119	Autonomy Netherlands BV	Netherlands	Common Shares €100.00	Sale and support of software	58
120	Borland BV	Netherlands	Ordinary Shares €5.00	Sale and support of software	58
121	Entco Eastern Holding B.V.	Netherlands	Ordinary Shares US\$100.00	Holding Company	58
122	Entco Gatriam Holding B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	58

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	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
123	Entco Holding Berlin B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	58
124	Entco Holding Hague II B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	58
125	Entco Sinope Holding B.V.	Netherlands	Ordinary Shares US\$100.00	Holding company	58
126	Entcorp Nederland B.V.	Netherlands	Ordinary Shares €100.00	Sale and support of software	58
127	Micro Focus B.V.	Netherlands	Common Shares €100.00	Sale and support of software	58
128	Micro Focus Caribe Holding B.V.	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	58
129	Micro Focus Eastern Holding II B.V.	Netherlands	Ordinary Shares US\$100.00	Holding Company	58
130	Micro Focus Enterprise B.V.	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	58
131	Micro Focus HoldCo B.V.	Netherlands	Ordinary Shares US\$100.00	Holding Company	58
132	Micro Focus Holding Finance B.V.	Netherlands	Ordinary Shares US\$100.00	Holding Company	58
133	Micro Focus Holding Hague B.V.	Netherlands	Ordinary Shares US\$100.00	Holding Company	58
134	Micro Focus Holding PR B.V.	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	58
135	Micro Focus International Trade B.V.	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	58
136	Micro Focus Nederland B.V.	Netherlands	Ordinary Shares US\$100.00	Sale and support of software	58
137	Verity Benelux B.V.	Netherlands	Common Shares of €500.00	Sale and support of software	58
138	Micro Focus Software (New Zealand) Unlimited	New Zealand	Ordinary Shares	Sale and support of software	59
139	Micro Focus AS	Norway	Ordinary Shares NOK1,602.00	Sale and support of software	60
140	Entcorp Philippines, Inc.	Philippines	Common Stock PHP1.00	Sale and support of software	61
141	Micro Focus Polska sp. z.o.o.	Poland	Ordinary Shares PLN500.00	Sale and support of software	62
142	Micro Focus S.L. - Sucursal Em Portugal (Branch)	Portugal	Branch	Sale and support of software	63
143	Novell Portugal - Informática Lda	Portugal	Ordinary Shares €14,864.18 Ordinary Shares €99.76	Sale and support of software	63
144	Micro Focus Caribe Holding B.V. LLC Branch	Puerto Rico	Branch	Sale and support of software	64
145	Micro Focus Holding PR B.V. LLC Branch	Puerto Rico	Branch	Sale and support of software	65
146	Micro Focus Software Romania SRL	Romania	Ordinary Shares RON10.00	Sale and support of software	66
147	Limited Liability Company Micro Focus	Russian Federation	Interest in Capital	Sale and support of software	67
148	Micro Focus LLC	Saudi Arabia	Ordinary Shares SAR50	Sale and support of software	68
149	Autonomy Systems Singapore Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	69
150	Borland (Singapore) Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	69
151	Entco Software Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	69

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35 Related undertakings continued

	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
152	Mercury Interactive (Singapore) Pte Ltd	Singapore	Ordinary Shares	In liquidation	70
153	Micro Focus Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	69
154	Micro Focus Software Pte. Ltd.	Singapore	Ordinary Shares	Sale and support of software	69
155	Autonomy Systems Software South Africa Pty Ltd	South Africa	Ordinary Shares ZAR1.00	Sale and support of software	71
156	Micro Focus Software South Africa (Pty) Ltd	South Africa	Ordinary Shares ZAR1.00	Sale and support of software	72
157	Micro Focus South Africa (Pty) Ltd	South Africa	Ordinary Shares ZAR1.00	Sale and support of software	72
158	Micro Focus Korea Limited	South Korea	Units KRW 5,000	Sale and support of software	73
159	Micro Focus Field Delivery Spain, S.L.U.	Spain	Ordinary Shares €1.00	Sale and support of software	74
160	Micro Focus S.L.U.	Spain	Registered Shares €9.00	Sale and support of software	74
161	Micro Focus Software Spain S.L.U.	Spain	Ordinary Shares €1.00	Sale and support of software	74
162	Micro Focus AS, Norge, filial i Sverige (Branch)	Sweden	Branch	Sale and support of software	75
163	Micro Focus Sverige AB	Sweden	Quota SEK1.00	Sale and support of software	75
164	Micro Focus Enterprise B.V., Amstelveen, Versoix Branch	Switzerland	Branch	Sale and support of software	76
165	Micro Focus GmbH	Switzerland	Quotas CHF100.00	Sale and support of software	77
166	Micro Focus International Suisse Sàrl	Switzerland	Ordinary Shares CHF1,000.00	Sale and support of software	76
167	Micro Focus Schweiz GmbH	Switzerland	Ordinary Shares CHF100.00	Sale and support of software	77
168	Trilead GmbH	Switzerland	Ordinary Shares CHF100.00	Sale and support of software	78
169	Interwoven, Inc., Taiwan Branch	Taiwan	Branch	Sale and support of software	79
170	Micro Focus Taiwan Co. Ltd (formerly Novell (Taiwan) Co., Ltd.)	Taiwan	Ordinary Shares NT\$10.00	Sale and support of software	80
171	Micro Focus Enterprise Tunisia SARL	Tunisia	Ordinary Shares TND10.00	Sale and support of software	81
172	Atarlabs Bilişim Anonim Şirketi	Turkey	Group A Shares TRY1.0	Development and support of software	82
173	Micro Focus Teknoloji Çözümleri Limited Şirketi	Turkey	Ordinary Shares TRY25.00	Sale and support of software	83
174	Micro Focus Ukraine, LLC (formerly Serena Software Ukraine LLC)	Ukraine	Interest in Capital	Sale and support of software	84
175	Entco International SARL-Abu Dhabi - Branch	United Arab Emirates	Branch	Sale and support of software	85
176	Entco International SARL-Jebel Ali Free Zone - Branch	United Arab Emirates	Branch	Sale and support of software	86
177	Entco Software Services Middle East FZ-LLC	United Arab Emirates	Ordinary Shares AED1,000.00	Sale and support of software	87
178	Attachmate Sales UK Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	88
179	Autonomy Systems Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	89
180	Borland (Holding) UK Ltd	United Kingdom	Ordinary Shares £1.00	Dormant	88
181	Borland (UK) Limited	United Kingdom	Ordinary Shares £1.00	Dormant	88
182	Entcorp Marigalante UK Limited	United Kingdom	Ordinary Shares £1.00	In liquidation	89

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35 Related undertakings continued

	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
183	Longsand Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	89
184	Merant Holdings	United Kingdom	Ordinary Shares £1.00	Holding Company	88
185	Micro Focus (IP) Holdings Limited	United Kingdom	Ordinary Shares US\$1.00	Dormant	88
186	Micro Focus (IP) Ltd	United Kingdom	Ordinary Shares £1.00	Holding Company	88
187	Micro Focus (US) Holdings	United Kingdom	Ordinary Shares US\$1.00	Holding Company	88
188	Micro Focus CHC Limited	United Kingdom	Ordinary Shares US\$0.01 Redeemable Preference Shares US\$1.00 C Preference Shares US\$1.00	Holding Company	88
189	Micro Focus Foreign HoldCo Ltd	United Kingdom	Ordinary Shares £1.00	Holding Company	89
190	Micro Focus Global Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	88
191	Micro Focus Group Limited	United Kingdom	Ordinary Shares £1.00	Holding Company	88
192	Micro Focus Holdings Unlimited	United Kingdom	Ordinary Shares £0.01	Holding Company	88
193	Micro Focus Integration Holdings Limited	United Kingdom	Ordinary Shares US\$1.00	In liquidation	88
194	Micro Focus Integration Limited	United Kingdom	Ordinary Shares US\$1.00	Sale and support of software	88
195	Micro Focus IP Development Limited	United Kingdom	Ordinary Shares US\$1.00	Development and support of software	88
196	Micro Focus Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	88
197	Micro Focus MHC Limited	United Kingdom	A Ordinary Shares £0.00001 B Ordinary Shares £0.00001	Holding Company	88
198	Micro Focus Midco Holdings Limited	United Kingdom	Ordinary Shares US\$0.01	Holding Company	88
199	Micro Focus Midco Limited	United Kingdom	Ordinary Shares US\$0.0001	Holding Company	88
200	Micro Focus Situla Holding Ltd	United Kingdom	Ordinary Shares £1.00	Holding Company	89
201	Micro Focus Software (IP) Holdings Limited	United Kingdom	Ordinary Shares US\$0.01 Preferred Shares US\$1.00	Holding Company	88
202	Micro Focus Software Holdings Ltd	United Kingdom	Ordinary Shares £1.00	Sale and support of software	88
203	Micro Focus Software UK Ltd	United Kingdom	Ordinary Shares £1.00	Sale and support of software	89

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35 Related undertakings continued

	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
204	Micro Focus UK Limited	United Kingdom	Ordinary Shares £1.00	Dormant	88
205	NetIQ Limited	United Kingdom	Ordinary Shares £1.00	In liquidation	88
206	Serena Holdings	United Kingdom	Ordinary Shares US\$1.00	Holding Company	88
207	Serena Software Europe Limited	United Kingdom	Ordinary Shares £1.00	Sale and support of software	88
208	Attachmate Corporation	United States	Common Stock US\$0.01	Development and support of software	90
209	Borland Corporation	United States	Common Stock US\$0.01	Holding Company	91
210	Borland Software Corporation	United States	Common Stock US\$0.01	Development and support of software	91
211	Borland Technology Corporation	United States	Common Stock US\$0.01	Dormant	91
212	Entco Delaware LLC	United States	Interest in Capital	Sale and support of software	91
213	Entco, LLC	United States	Interest in Capital	Sale and support of software	91
214	GWAVA Technologies Inc.	United States	Common Stock of US\$1.00	Sale and support of software	91
215	MA FinanceCo., LLC	United States	Membership Units	Holding Company	91
216	Marcel Holdings LLC	United States	Limited Liability Company Interest US\$1.00	Sale and support of software	91
217	Micro Focus (US) Group, Inc	United States	Common Stock US\$0.01	Holding Company	91
218	Micro Focus (US) International Holdings, Inc.	United States	Common Stock US\$0.01	Holding Company	91
219	Micro Focus (US), Inc.	United States	Common Stock US\$0.01	Development and support of software	91
220	Micro Focus Brazil Holdings LLC	United States	Interest in Capital	Holding Company	91
221	Micro Focus Government Solutions LLC	United States	Interest in Capital	Sale and support of software	91
222	Micro Focus LLC	United States	Limited Liability Company Interests	Sale and support of software	91
223	Micro Focus Software Inc.	United States	Voting Common Stock US\$0.01 Non-voting Common Stock US\$0.01	Development and support of software	91
224	NetIQ Corporation	United States	Common Stock US\$0.001	Development and support of software	91

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35 Related undertakings continued

	Company name	Country of incorporation	Class(es) of shares held ^{1,2}	Principal activities	Key to Registered office address
	Subsidiaries				
225	Novell Holdings, Inc.	United States	Common Stock US\$0.01	Holding Company	91
226	Novell International Holdings, Inc.	United States	Common Stock US\$0.01	Holding Company	91
227	Seattle SpinCo, Inc.	United States	Class A Common Stock US\$0.01 Class B Common Stock US\$0.01	Holding Company	91
228	Serena Software, Inc.	United States	Common Stock US\$0.01	Holding Company	91
229	Stratify, Inc.	United States	Common Stock US\$0.001	Sale and support of software	91
230	The Attachmate Group, Inc.	United States	Common Stock US\$0.001	Holding Company	91
231	Vertica Systems, LLC	United States	Limited Liability Company Interests	Sale and support of software	91

¹ The Group has a 100% equity ownership interest in each of the subsidiary undertakings.

² The ultimate parent company is Micro Focus International plc (the “Company”). The Company has a direct interest in Micro Focus Mideo Holdings Limited and an indirect interest in all of the other related undertakings. The Company has an effective interest of 100% in all of the related undertakings listed in the table.

The financial results of all of the related undertakings listed above are included in the Group’s consolidated financial statements. None of the related undertakings holds any shares in the Company.

For each of the subsidiaries listed above, the registered office or, in the case of undertakings other than subsidiaries, the principal place of business is as follows:

Registered office addresses:

Number	Address
1	Level 8, 76 Berry Street, North Sydney, NSW 2060, Australia
2	Donau Centre, Hauptstrasse 4-10, Linz, 4040, Austria
3	Officenter, Luchthavenlaan 27, 1800 Vilvoorde, Belgium
4	EU Parliament, 4th Floor, 37 De Meeussquare, Brussels, 1000, Belgium
5	Rua Joaquim Floriano, 466-12 Andar, São Paulo, CEP 04534-002, Brazil
6	Avenida das Nações Unidas, nº 12.901, conjunto 2302, sala 72, Itaim Bibi, São Paulo, CEP 04578-000, Brazil
7	Estera Corporate Services (BVI) Limited, Jayla Place Wickhams Cay 1, Road Town, Tortola, Virgin Islands, British
8	76A James Bourchier Blvd, Lozenetz, Sofia, 1407, Bulgaria
9	200-204 Lambert Street, Whitehorse, Y1A 3T2, Canada
10	250 Howe Street, Suite 1400-C, Vancouver, BC V6C 3S7, Canada
11	Suite 1700, Park Place, 666 Burrard Street, Vancouver BC V6C 2X8, Canada
12	4300 Bankers Hall West, 888 - 3rd Street S.W., Calgary, Alberta T2P 5C5, Canada
13	Cogswell Tower, 2000 Barrington Street, Suite 1101-C., Halifax NS B3J 3K1, Canada
14	Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands
15	Unit 601, Block A, Yuanyang International Center, Building 56, Dong Si Huan Zhong Dong Road, Beijing, Chaoyang District, China
16	Floor 2, Building 1, No. 799 Naxian Road, Pilot Free Trade Zone, Shanghai, China
17	8 Guangshun Avenue South, B01, 3F, Building 1, Chaoyang District, China
18	No. 209, Chuangxin Plaza, No. 5 Keyuanyi Road, Jiulongpo District, Chongqing, China
19	14/F, Office 1436, Times Financial Center, 4001 Shennan Avenue, Futian District, Shenzhen, Guangdong, 518046, China
20	1807-1811, 18th Floor, Kechuang Building, interchange of Yingxiong Mountain Road and 2nd Ring South Rd, Shizhong District, Jinan, Shangdong, China
21	Room 810, 8 /F, Tower B, No.8 Century Avenue, Shanghai Pilot Free Trade Zone, China
22	Unit 04, B01, 3rd Floor, 101 1st Floor, No.1 building, No.8 Yard Guangshun South Avenue, Chaoyang District, Beijing, China
23	San José, Cantón Montes de Oca, Distrito San Pedro, cincuenta metros al sur del Restaurante Le Chandelier, Edificio Blanco, Costa Rica
24	54 Digeni Akrita, Akritas 2nd Floor, Office 201-202, PC 1061, Nicosia, Cyprus
25	Za Brumlovkou 1559/5, Michle, Prague, 140 00, Czech Republic
26	Borupvang 3, 2750, Ballerup, Denmark
27	Accountor Turku Oy, Yliopistonkatu 34,5 krs, Turku FI-20100
28	Tour Atlantique, La Défense 9, 1 Place de la Pyramide, La Défense, Cedex, Paris, 92911, France

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35 Related undertakings continued

Registered office addresses continued

Number	Address
29	Tour Carpe Diem, 31 Place des Corolles, 92400, Courbevoie, France
30	Herrenberger Strasse 140, 71034, Böblinge, Germany
31	Von-Braun-Strabe 38a, 48683 Ahaus, Germany
32	Nöerdlicher Zubringer 9-11, 40470 Düsseldorf, Germany
33	21st floor, Henley Building, 5 Queen's Road Central, Hong Kong
34	19th Floor, Cityplaza One, 1111 King's Road, Taikoo Shing, Hong Kong
35	4th Floor, Laurel Building "A" Block, Bagmane Tech Park, Survey no.65/2, C.V.Raman Nagar, Byrasandra Village, KR Pura Hobli, Bangalore South Taluk, Bengaluru-560093, India
36	Laurel, Block D, 65/2, Bagmane Tech Park, C.V. Raman Nagar, Byrasandra Post, Bangalore 560093, India
37	4th Floor, Bagmane Tech Park, Olympia Building Survey Nos. 66/1, 66/66-1 & 66/1-3, CV Raman Nagar, Bangalore, 560093, India
38	602 MMTC House C-22 Bandra Kurla Complex Bandra East, Mumbai, MH 400051, India
39	66/1, 6th Floor, Olympia Building, Bagmane Tech Park, Byrasandra, C V Raman Nagar, Bangalore, Karnataka, 560093, India
40	Leela Galleria, 1st Floor, Andheri Kurla Road, Andheri(East), Mumbai - 400059, Maharashtra, India
41	Block A, Ballybrit Business Park, Ballybane Road, Galway, H01 WP08, Ireland
42	One Spencer Dock, North Wall Quay, Dublin 1, Ireland
43	Corrig Court, Corrig Road, Sandyford Industrial Estate, Sandyford, Dublin 18, Ireland
44	5 Altaief St., Yahud, Israel
45	Matam Advanced Tech Center, Building 5/1, Haifa, 31 905, Israel
46	Scientific Industries Center, Haifa, 33263, Israel
47	17 Hatidhar St., Raannana, 43665, Israel
48	Via Filippo Turati 8, 20121, Milan, Italy
49	Viale Sarca 235, 20126, Milan, Italy
50	Via Santa - Maria alla Porta n.9, 20123, Milan, Italy
51	No. 8 Center Plaza Bldg, 5F, 1-10-16 Horiomecho Nihonbashi, Chuo-ku, Tokyo 103-0012, Japan
52	Midtown Tower 19F, 9-7-1 Akasaka, Minato-ku, Tokyo, 107-6219, Japan
53	20, rue des Peupliers, L-2328 Luxembourg, Luxembourg
54	15, Boulevard F.W. Raiffeisen, L - 2411, Luxembourg
55	Level 11 , 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, 50470 59200 Kuala Lumpur, Malaysia
56	Unit 501 Level 5 Uptown 1, 1 Jalan SS2, Selangor Darul Ehsan, Malaysia
57	Av. Periférico Sur 6751, Col. Toluquilla, Municipio Tlaquepaque, Jalisco, CP 45610, Mexico
58	Van Deventerlaan 31-51, 3528 AG Utrecht, The Netherlands
59	Level 26, PWC Tower, 15 Customs Street West, Auckland, 1010, New Zealand
60	7th Floor, Dronning Eufemias Gate 16, 0191 Oslo, Norway
61	2/F Three World Square, Upper Mckinley Road, Taguig City, Philippines
62	Centrum Biurowe Globis, Powstańców Śląskich 7A, 53-332, Wrocław, Poland
63	Centro Empresarial Torres de Lisboa, Rua Tomás da Fonseca, Torre G, 1.º, 1600-209 Lisbon, Portugal
64	110 Highway North Km. 28, Bldg. #1, Aguadilla, 00603, Puerto Rico
65	350 Chardon Avenue, Chardon Tower, Suite 801, San Juan, 00918, Puerto Rico
66	2nd District, 3 George Constantinescu Street, BOC Office Building, Bucharest, Romania
67	Leningradskoye shosse 16 A, Building 3, floor 10, premise XV, room 16, 125171, Moscow, Russian Federation
68	Regus Al-Nakheel Centre, Nimr Building A (1st Floor), 5176 Al-Imam Saud Ibn Abdul Aziz Road, Al Nakheel District, Saudi Arabia
69	#12-04/06, 1 Harbourfront Place, Harbourfront Tower 1, 098633, Singapore
70	450 Alexandra Road, Singapore 119960, Singapore
71	78 Sophia Street, Fairland, 2195, South Africa
72	Morning View Office Park 255 Rivonia Road, Morningside, South Africa
73	Yeoidodong, SK Building, 15F, 31 Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, Korea
74	Torre Espacio, Planta 16, Paseo de la Castellana, 259D, 28046 Madrid, Spain
75	Kronborgsgränd 1, 164 46 Kista, Stockholm, Sweden
76	Chemin Jean-Baptiste Vandelle 3A, 1290 Versoix, Switzerland
77	Wallisellen Business Park, Offices 201-204, Richtistrasse 7, 8304, Wallisellen, Switzerland
78	C/O Centralis Switzerland GmbH, Bahnhofstrasse 10, 6300 Zug, Switzerland
79	10F.-1 No.66, Jing Mao 2nd Road, Nangang Distric, Taipei City, 115, Taiwan
80	9F No 200, Sec. 1, Keelung Road, Xinyi Dist, Taipei City 110, Taiwan
81	ZI Chotrana, Technopole El Ghazala, Lot No 45, Ariana, 2088, Tunisia
82	Üniversiteler Mahallesi 1605 Cad. No: 3A, Çankaya, Ankara, Turkey
83	AND Plaza Kozyatağa İçerenköy Mahallesi Umut Sk. 10/12, Kat: 16 34752 Ataşehir/İstanbul, Turkey
84	13 Pimonenko str., building 1, Office 1B/22, Kiev 04050, Ukraine
85	Al Hilal Building, Al Falah Road, Office 318, Abu Dhabi, United Arab Emirates
86	JAFZA One building, Unit No. AB 1005, Jebel Ali Free Zone, Dubai, United Arab Emirates
87	1204 - 1205, Floor 12 Al Shatha Tower, Dubai, United Arab Emirates
88	The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN, United Kingdom
89	Cain Road, Amen Corner, Bracknell, Berkshire, RG12 1HN, United Kingdom
90	C T Corporation System, 711 Capitol Way S, Suite 204, Olympia 98501, United States
91	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE19801, USA

**DESCRIPTION OF SECURITIES
REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT**

As of October 31, 2020 Micro Focus International plc (“we,” “us,” and “our”) had the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Ordinary shares*, nominal value 10 pence per share		
American Depositary Shares, each representing 1 share	MFGP	New York Stock Exchange

* Not for trading, but only in connection with the listing of the American Depositary Receipts on the New York Stock Exchange.

Our shares are also listed in the United Kingdom on the London Stock Exchange (“LSE”).

American Depositary Shares (“ADSs”), each representing one ordinary share, nominal value 10 pence per share of Micro Focus International plc (the “shares”), have been available in the US through an American Depositary Receipt (“ADR”) program since September 2017.

This program was established pursuant to the deposit agreement that we entered into with Deutsche Bank Trust Company Americas (“Deutsche Bank”), as depositary (“Deposit Agreement”). Our ADRs have been listed on the New York Stock Exchange (“NYSE”) since September 2017 and are traded under the symbol MFGP. In connection with this listing (but not for trading), the shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of shares and (ii) ADR holders. Shares underlying the ADSs are held by Deutsche Bank, the depositary, and holders of ADSs will not be treated as holders of the shares.

The following summary is subject to and qualified in its entirety by Micro Focus International plc’s Articles of Incorporation (“Articles”), Regulations of the Board of Directors (“Board Regulations”), and by United Kingdom law. This is not a summary of all the significant provisions of the Articles, the Board Regulations, or of United Kingdom law and does not purport to be complete. Capitalized terms used but not defined herein have the meanings given to them in Micro Focus International plc’s annual report on Form 20-F for the fiscal year ended October 31, 2020 and in the Deposit Agreement, which is an exhibit to our registration statement on Form F-4 filed with the SEC on April 25, 2017.

ORDINARY SHARES

Type and class of securities

Each Micro Focus International plc share has a nominal (par) value of £0.10 per share. The respective number of shares that have been issued as of October 31, 2020 is given in note 29 of the financial statements in Item 18 of the annual report on Form 20-F for the fiscal year ended October 31, 2020. All Micro Focus International plc shares are in registered form, are freely transferable (either on- or off-market) subject to the company’s Articles of Association, have equal voting rights and carry equal entitlements to dividends.

Pre-emptive rights

Under the U.K. Companies Act 2006, the directors only have power to issue new shares where authority to do so has been conferred on them by the company’s shareholders in general meeting. Any resolution seeking such authority must be proposed as an ordinary resolution. There is a further presumption in English law that all shares to be issued for a cash consideration must first be offered to existing shareholders on a pro-rata basis.

The directors are permitted to seek further authorities from the company’s shareholders in general meeting, by way of separate special resolutions, to issue new ordinary shares for cash other than on a pre-emptive basis, but any such authority is limited to:

- (a) A general dis-application of pre-emption rights over a number of shares not exceeding 5 per cent. of the company's issued share capital; and
- (b) A specific dis-application of pre-emption rights over a number of shares not exceeding a further 5 per cent. of the company's issued share capital to facilitate an acquisition or a specified capital investment, or re-finance any such transaction entered into within the previous six months.

Memorandum and articles of association

Shareholder rights

Micro Focus International plc only has one class of registered shares, therefore the following information applies to all shareholders.

Share capital

The Micro Focus Articles do not specify an amount of authorized capital, as the requirement to have an authorized capital is no longer applicable under the Companies Act 2006. As of October 31, 2020, the issued ordinary share capital of Micro Focus was 364,545,377 ordinary shares, with a par value of £0.10 each, of which 29,644,627 ordinary shares were held in treasury. The Micro Focus Articles provide that (without prejudice to any existing rights attached to shares) new shares may be issued by Micro Focus carrying such rights as Micro Focus may determine provided the prior sanction of an ordinary resolution in general meeting is obtained.

Micro Focus does not have any class of preferred stock.

Redemption rights

Ordinary shares are non-redeemable.

Participation rights

Ordinary shares carry rights to participate in the profits of the Company.

Alteration of Share Capital

Micro Focus may by ordinary resolution alter its share capital in accordance with the Companies Act. The resolution may determine that, as between the holders of shares resulting from a sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

Liability to further capital calls by the Company

All ordinary shares currently in issue are fully paid. The Company may, under its Articles and in accordance with the Companies Act, issue new ordinary shares either fully-paid (as to their par value) or partly-paid. Where shares are issued with a partly-paid par value then the registered holder of those shares will be liable to further cash calls in line with the provisions of the Articles and the Companies Act.

The board of directors typically seeks authority from shareholders at each Annual General Meeting to issue further shares in the company, including by way of a rights issue (which may be fully or partially pre-emptive). Shareholders who do not wish to take up their rights would generally be entitled to sell their rights, nil paid, in the market ahead of any such rights issue being closed.

Voting rights

Ordinary Shares

Micro Focus Ordinary Shareholders shall be entitled, in respect of their holding of such shares and subject to relevant provisions of the Micro Focus Articles, to receive notice of any general meeting of Micro Focus and to attend and vote at any such general meeting. At any such meeting, on a show of hands, each Micro Focus Ordinary Shareholder present in person or by proxy shall have one vote and each such holder present in person or by proxy or by corporate representative shall upon a poll have one vote for every Micro Focus Share of which he or she is the holder.

At a General Meeting of the Company:

- On a show of hands, every ordinary member present in person and every proxy or corporate representative duly appointed by a member shall have one vote; and
- On a poll, every member who is present in person and every proxy or corporate representative shall have one vote for every ordinary share of which he or she is the holder.

No member shall be entitled to vote at any general meeting or class meeting in respect of shares held by him or her if any call or other sum then payable by him or her in respect of that share remains unpaid. Currently, all issued ordinary shares are fully paid.

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the Annual General Meeting (the ‘AGM’) to be held on March 25, 2021 are set out in the Notice of Meeting, which accompanies this report.

Dividends

Subject to the provisions of the Companies Act 2006, the Company may, by ordinary resolution, declare a dividend to be paid to ordinary members but no dividend shall exceed the amount recommended by the board. The board may pay interim dividends and any fixed rate dividend whenever the profits of the Company, in the opinion of the board, justifies its payment. All dividends shall be apportioned and paid pro-rata according to the amounts paid up on the shares. Any dividend unclaimed after a period of 6 years from the date of declaration or from the date on which such dividends became due for payment shall be forfeited and shall revert to Micro Focus. The Micro Focus Board may, if authorized by an ordinary resolution, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

Liquidation rights

In the event of our liquidation, after payment of all liabilities, our remaining assets would be used to repay the holders of ordinary shares the amount they paid for their ordinary shares. Any balance would be divided among the holders of ordinary shares in proportion to the nominal amount of the ordinary shares held by them.

Provisions discriminating against the holders of ordinary shares or other securities

There are no provisions in the Articles which discriminate against any existing or prospective holder as a result of such holder owning a substantial number of shares. Under the Listing Rules made by the U.K.’s competent authority, the Financial Conduct Authority, in certain circumstances that company would be obliged to enter into a relationship agreement with a substantial shareholder.

Under the Companies Act, the company is able to serve a notice on any member, or any other person appearing to be interested in its shares under Section 793 of the Companies Act 2006, requiring them to provide confirmation of that person’s interest in the company’s shares. Where the recipient of such a notice is in default for a period of 14 days in supplying to the Company the information thereby required, then (unless the Directors otherwise determine) the company may suspend voting rights on (a) the shares comprising the shareholding account in the Register which comprises or includes the shares subject to the notice in relation to which the default occurred; and (b) any other shares held by the member.

Changes to shareholder rights

General meetings at which “special resolutions” are proposed and passed generally involve proposals to change the name of the company, change or amend the rights of shareholders, permit the company to issue new shares for cash without applying the shareholders’ pre-emptive rights, amend the company’s articles of association, or carry out other matters where either the company’s articles of association or the Companies Act 2006 prescribe that a “special resolution” is required. Other proposals relating to the ordinary course of the company’s business, such as the election of directors, would generally be the subject of an “ordinary resolution.”

Under the Companies Act, an ordinary resolution requires a simple majority of those attending and voting (in person or by proxy) and a special resolution requires not less than a 75% majority of those attending and voting (in person or by proxy).

Limitations affecting holders of ordinary shares or ADSs

Under English law and our Memorandum and Articles of Association, persons who are neither UK residents nor UK nationals may freely hold, vote and transfer ordinary shares in the same manner as UK residents or nationals.

With respect to the items discussed above, applicable UK law is not materially different from applicable US law.

Change in control

The Articles and the Board Regulations contain no provision that would have an effect of delaying, deferring or preventing a change in control of Micro Focus International plc and that would operate only with respect to a merger, acquisition or corporate restructuring involving us or any of our subsidiaries.

Disclosure of shareholdings

There are no provisions in the Articles of Association requiring the disclosure of share ownership above any specific threshold.

Differences in the law

See the references to United Kingdom law throughout this section “Item 10.B Memorandum and articles of association.”

Changes in capital

The provisions of the Articles of Association are no more stringent than those required under U.K. company law.

AMERICAN DEPOSITARY SHARES

Depositary

Deutsche Bank Trust Company has been appointed as the depositary pursuant to the Deposit Agreement. Deutsche Bank’s principal executive office is located 60 Wall Street, New York, NY 1005, USA.

Provisions

ADSs, each representing one ordinary share of £0.10 in the capital of Micro Focus International plc (‘Micro Focus’) and evidenced by ADRs, are issued by the depositary, and not by us. The ADR is vested with rights defined and enumerated in the Deposit Agreement (such as the rights to vote, to receive a dividend and to receive a share of Micro Focus in exchange for a certain number of ADRs). The enumeration of rights, including any limitations on those rights in the Deposit Agreement, is final. There are no other rights given to the ADR holders. Only the nominee company appointed by the depositary is registered as shareholder in our share register. An ADR is not a Micro Focus share and an ADR holder is not a Micro Focus shareholder.

The following is a summary of the material provisions of the Deposit Agreement. For more complete information, you should read the Deposit Agreement and form of ADR. The Deposit Agreement has been filed with the SEC as an exhibit to the Form F-4 filed with the SEC on August 3, 2017.

Voting rights

The Deposit Agreement has granted certain indirect rights to vote to the ADR holders. ADR holders may not attend Micro Focus general meetings in person. ADR holders exercise their voting rights by instructing the depositary to exercise the voting rights attached to the registered shares underlying the ADRs. The depositary exercises the voting rights for registered shares underlying ADRs for which no voting instructions have been given by providing a discretionary proxy to an uninstructed independent designee pursuant to paragraph [13] of the form of ADR. Such designee has to be a shareholder of Micro Focus. The same voting restrictions apply to ADR holders as to those holding Micro Focus shares.

As soon as practicable after receipt from Micro Focus of notice of any meeting or solicitation of consents or proxies of holders of shares or other deposited securities, the depositary will mail to holders a notice stating (a) such information as is contained in such notice and any solicitation materials (or a summary thereof), (b) that each holder on the record date set by the depositary therefor will be entitled, subject to applicable law and the provisions of or governing deposited securities to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the deposited securities represented by the ADSs evidenced by such holder’s ADRs and (c) the manner in which such instructions may be given, including instructions to give a discretionary proxy to a person designated by Micro Focus. Upon receipt of instructions of a holder on such record date in the manner and on or before the date established by the depositary for such purpose, the depositary will endeavor insofar as practicable and permitted under the provisions of or governing deposited securities to vote or cause to be voted (or to grant a discretionary proxy to a person designated by Micro Focus) the deposited securities represented by the ADSs evidenced by such holder’s ADRs in accordance with such instructions. Shares or other deposited securities represented by ADSs for which no specific voting instructions are received by the depositary from the holder shall not be voted by the depositary or its nominees but may be directly voted by holders in attendance at meetings of shareholders as proxy for the depositary, subject to the constituent documents of the Company.

Share dividends and other distributions

The depositary will distribute as promptly as practicable by mail, to the extent distribution by mail is practicable, to each ADR holder on the record date set by the depositary at such ADR holder's address shown on the ADR Register, in proportion to the number of deposited securities (on which the following distributions on deposited securities are received by the custodian) represented by ADSs evidenced by such holder's ADRs:

- (a) *Cash.* Any US dollars available to the depositary resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof authorized in paragraph [10] ("Cash") of the form of ADR, on an averaged or other reasonably practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible pursuant to applicable law with respect to certain holders, and (iii) deduction of the depositary's expenses in (1) converting any foreign currency to US dollars by sale or in such other manner as the depositary may determine to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or US dollars to the US by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner.
 - (b) *Shares.* (i) Additional ADRs evidencing whole ADSs representing any shares available to the depositary resulting from a dividend or free distribution on deposited securities consisting of shares (a "Share Distribution") and (ii) US dollars available to it resulting from the net proceeds of sales of shares received in a Share Distribution, which shares would give rise to fractional ADSs if additional ADRs were issued therefor, as in the case of Cash.
 - (c) *Rights.* (i) Warrants or other instruments in the discretion of the depositary after consultation with Micro Focus if practicable representing rights to acquire additional ADRs in respect of any rights to subscribe for additional shares or rights of any nature available to the depositary as a result of a distribution on deposited securities ("Rights"), to the extent that Micro Focus timely furnishes to the depositary evidence satisfactory to the depositary that the depositary may lawfully distribute the same (Micro Focus has no obligation to so furnish such evidence), or (ii) to the extent Micro Focus does not so furnish such evidence and sales of Rights are practicable, any US dollars available to the depositary from the net proceeds of sales of Rights as in the case of Cash, or (iii) to the extent Micro Focus does not so furnish such evidence and such sales cannot practicably be accomplished by reason of the non-transferability of the Rights, limited markets therefor, their short duration or otherwise, nothing (and any Rights may lapse).
 - (d) *Other Distributions.* (i) Securities or property available to the depositary resulting from any distribution on deposited securities other than Cash, Share Distributions and Rights ("Other Distributions"), by any means that the depositary may deem equitable and practicable, or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, any US dollars available to the depositary from the net proceeds of sales of Other Distributions as in the case of Cash. The depositary shall endeavor to conduct any sales hereunder in a commercially reasonable manner.
-

The depositary will distribute US dollars by checks drawn on a bank in the US for whole dollars and cents (any fractional cents being withheld without liability for interest and dealt with by the depositary in accordance with its then current procedures), pursuant to paragraph [10] of the form of ADR.

Deposit, withdrawal and cancellation

Subject to paragraphs [4] and [5] of the form of ADR, upon surrender of (i) a certificated ADR in form satisfactory to the depositary at the transfer office or (ii) proper instructions and documentation in the case of a Direct Registration ADR, the holder hereof is entitled to delivery at the custodian's office of the deposited securities at the time represented by the ADSs evidenced by this ADR. At the request, risk and expense of the holder, the depositary may deliver such deposited securities at such other place as may have been requested by the holder. Notwithstanding any other provision of the Deposit Agreement or the form of ADR, the withdrawal of deposited securities may be restricted only for the reasons set forth in General Instruction I.A.(1) of Form F-6 (as such instructions may be amended from time to time) under the Securities Act.

Reclassification, recapitalizations and mergers

If Micro Focus takes certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all the assets of the company, then the depositary may choose to:

- (a) issue and distribute additional ADRs;
- (b) amend the deposit agreement and applicable ADRs;
- (c) call for the surrender of outstanding ADRs to be exchanged for new ADRs; and
- (d) distribute cash, securities or property on the record date set by the depositary to reflect the transaction.

Amendment and termination

The ADRs and the Deposit Agreement may be amended by Micro Focus and the depositary, provided that any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or that shall otherwise prejudice any substantial existing right of holders, shall become effective [30] days after notice of such amendment shall have been given to the holders. Every holder of an ADR at the time any amendment to the Deposit Agreement so becomes effective shall be deemed, by continuing to hold such ADR, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby.

The depositary may, and shall at the written direction of Micro Focus, terminate the Deposit Agreement and this ADR by mailing notice of such termination to the holders at least [30] days prior to the date fixed in such notice for such termination. After the date so fixed for termination, the depositary and its agents will perform no further acts under the Deposit Agreement and this ADR, except to receive and hold (or sell) distributions on deposited securities and deliver deposited securities being withdrawn. As soon as practicable after the expiration of [six] months from the date so fixed for termination, the depositary shall sell the deposited securities and shall thereafter (as long as it may lawfully do so) hold in a segregated account the net proceeds of such sales, together with any other cash then held by it under the Deposit Agreement, without liability for interest, in trust for the pro rata benefit of the holders of ADRs not theretofore surrendered. After making such sale, the Depositary shall be discharged from all obligations in respect of the Deposit Agreement and this ADR, except for its obligations to Micro Focus under Section [16] of the Deposit Agreement and to account for such net proceeds and other cash. After the date so fixed for termination, Micro Focus will be discharged from all obligations under the Deposit Agreement except for its obligations to the depositary and its agents.

Limitation on obligations and liability to ADR holders

The depositary, Micro Focus, their respective directors, employees, officers, agents or affiliates and each of them shall: (a) incur no liability (i) if any present or future law, regulation, order, decree, moratorium, fiat, the provisions of or governing any deposited securities and the Articles of Association, act of God, war or other circumstance beyond its control shall prevent, delay or subject to any civil or criminal penalty or restraint or any act which the Deposit Agreement or this ADR provides shall be done or performed by it, or (ii) by reason of any exercise or failure to exercise any discretion given it in the Deposit Agreement, this ADR or the Articles of Association; (b) assume no liability except to perform its obligations to the extent they are specifically set forth in this ADR and the Deposit Agreement without gross negligence or bad faith; (c) be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or this ADR; or (d) not be liable for any action or inaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any holder, or any other person believed by it to be competent to give such advice or information. The depositary, its agents and Micro Focus may rely and shall be protected in acting upon any written notice, request, direction or other document believed by them to be genuine and to have been signed or presented by the proper party or parties. The depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any such vote is cast or for the effect of any such vote. The depositary and its agents may own and deal in any class of securities of Micro Focus and its affiliates and in ADRs. Micro Focus has agreed to indemnify the depositary and its agents under certain circumstances and the depositary and its agents have agreed to indemnify Micro Focus under certain circumstances. No disclaimer of liability under the Securities Act is intended by any provision hereof.

Books of depositary

The depositary will keep books at its principal office for the registration and transfer of ADRs, which will be open for inspection by holders at all reasonable times. Such inspection shall not be for the purpose of communicating with other owners of ADRs in the interest of a business or object other than the business of Micro Focus or other than a matter related to the deposit agreement or the ADRs.

CREDIT AGREEMENT

dated as of August 31, 2017,

among

MICRO FOCUS INTERNATIONAL PLC,
as Parent

MICRO FOCUS GROUP LIMITED,
as Holdco,

MA FINANCECO., LLC,
as Borrower,

The Lenders Party Hereto,

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Collateral Agent

JPMORGAN CHASE BANK, N.A.,
BARCLAYS BANK PLC,
HSBC SECURITIES (USA) INC.,
THE ROYAL BANK OF SCOTLAND PLC,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as Joint Lead Arrangers and Joint Lead Bookrunners,

HSBC SECURITIES (USA) INC.,
BARCLAYS BANK PLC,
THE ROYAL BANK OF SCOTLAND PLC,
as Co-Syndication Agents

and

JPMORGAN CHASE BANK, N.A.,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as Co-Documentation Agents

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Exhibit H	Form of Swingline Loan Notice
Exhibit I	Form of Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Filings
Exhibit J	Form of Compliance Certificate
Exhibit K-1	Form of Pari Passu Intercreditor Agreement
Exhibit K-2	[Terms of] Second Lien Intercreditor Agreement

CREDIT AGREEMENT dated as of August 31, 2017 (this “Agreement”), among MICRO FOCUS INTERNATIONAL PLC, a company organized under the laws of England and Wales (the “Parent”), MICRO FOCUS GROUP LIMITED, a company organized under the laws of England and Wales (“Holdco”), MA FINANCECO., LLC, a Delaware limited liability company (the “Borrower”), the LENDERS party hereto and JPMORGAN CHASE BANK, N.A. (“JPMCB”), as Administrative Agent and Collateral Agent.

WHEREAS, capitalized terms used in these recitals shall have the respective meanings set forth for such terms in Article I;

WHEREAS, reference is hereby made to the Credit Agreement, dated as of November 20, 2014 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the “Existing Credit Agreement”), by and among the Parent, Holdco, the Borrower, the lenders from time to time party thereto (the “Existing Lenders”) and JPMCB, as administrative agent, collateral agent and swingline lender (the “Existing Agent”);

WHEREAS, the Parent, pursuant to an Agreement and Plan of Merger, dated as of September 7, 2016 (together with all exhibits, annexes and schedules thereto, as amended, restated, supplemented or otherwise modified from time to time, the “Merger Agreement”), by and among the Parent, Seattle Holdings, Inc., a newly formed Delaware corporation and wholly-owned, direct or indirect subsidiary of the Parent (“Seattle Holdings”), Seattle MergerSub, Inc., a newly formed Delaware corporation and wholly-owned, direct or indirect subsidiary of Seattle Holdings (“Merger Sub”), Hewlett Packard Enterprise Company, a Delaware corporation (“Houston”), and Seattle SpinCo, Inc., a Delaware corporation (the “Company”), intends to acquire indirectly through Seattle Holdings (the “Seattle Acquisition”) 100% of the outstanding Equity Interests of the Company and its subsidiaries;

WHEREAS, to effect the Seattle Acquisition, the parties to the Merger Agreement will consummate the transactions contemplated by the Merger Agreement and pursuant to the Merger Agreement, Merger Sub will merge with and into the Company (the “Merger”), with the Company continuing as the surviving entity, and all shares of the Company will be converted into American Depositary Shares representing ordinary shares of the Parent in accordance with the terms of the Merger Agreement;

WHEREAS, prior to the consummation of the Seattle Acquisition and Merger, the Borrower has requested the Lenders and the Issuing Banks to extend credit to the Borrower in the form of (a) Tranche B-2 Term Loans denominated in Dollars in an aggregate principal amount not in excess of the amount set forth on Schedule 1.01, (b) Tranche B-3 Term Loans denominated in Dollars in an aggregate principal amount not in excess of the amount set forth on Schedule 1.01, (c) Euro Tranche Term Loans denominated in Euros in an aggregate principal amount not in excess of the amount set forth on Schedule 1.01 and (d) Revolving Loans, Letters of Credit and Swingline Loans, in an aggregate principal amount not in excess of the Dollar Equivalent of \$500,000,000, in each case the proceeds of which shall be utilized as set forth below and in Section 5.10; and

WHEREAS, proceeds received by the Borrower, together with cash on hand, will be used (a) to fund a loan by the Borrower to Holdco (the “Borrower Intercompany Loan”), a portion of which may be used by Holdco, directly or indirectly, to make payment in connection with the “Return of Value” (as defined in Schedule 7.1(b) to the Merger Agreement) not in excess of the Dollar Equivalent of \$500,000,000 (the “Return of Value Payment”) prior to the consummation of the Merger, (b) to finance certain Transaction Costs and (c) to provide cash to the Parent and its Restricted Subsidiaries for working capital and general corporate purposes.

NOW THEREFORE, in consideration of the premises, provisions, covenants and mutual agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Lenders and Issuing Banks are willing to extend such credit to the Borrower on the terms and express conditions set forth herein, and accordingly the parties hereto agree as follows.

ARTICLE I
Definitions

Section 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Accounting Change” has the meaning assigned to such term in Section 1.04.

“Acquisition” means any acquisition by the Parent or any Restricted Subsidiary, whether by purchase, merger, consolidation, contribution or otherwise, of (w) at least a majority of the assets or property and/or liabilities (or any other substantial part for which financial statements or other financial information is available), or a business line, product line, unit or division of, any other Person, (x) Equity Interests of any other Person such that such other Person becomes a Restricted Subsidiary and (y) additional Equity Interests of any Restricted Subsidiary not then held by the Parent or any Restricted Subsidiary.

“Acquisition Closing Date” means the date of the consummation of the Merger.

“Additional Debt” means subordinated or senior debt (including, as applicable, Registered Equivalent Notes), which may be unsecured, have the same lien priority as the Obligations or be secured by a Lien ranking junior to the Lien securing the Obligations, in each case issued or incurred by the Parent or any of its Restricted Subsidiaries after the Effective Date that (i) has a final maturity date that is on or after the Latest Maturity Date with respect to the Initial Term Loans and has a Weighted Average Life to Maturity equal to or longer than the remaining Weighted Average Life to Maturity of the Initial Term Loans (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Term Loans); provided that this clause (i) shall not restrict the issuance or incurrence by the Parent or any of its Restricted Subsidiaries after the Effective Date of up to \$1,700,000,000 aggregate principal amount of Additional Debt, Additional Term Notes, Unrestricted Additional Term Notes, Incremental Term Loans, Seattle Additional Debt, Seattle Additional Term Notes, Seattle Unrestricted Additional Term Notes and Seattle Incremental Term Loans having (x) a final maturity date that is prior to the Latest Maturity Date with respect to the Initial Term Loans so long as such final maturity date is at least five years from the date of such issuance or incurrence and (y) a Weighted Average Life to Maturity shorter than the remaining Weighted Average Life to Maturity of the Initial Term Loans (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Term Loans) so long as such debt does not require annual amortization or similar regularly scheduled prepayments in excess of 10% of the original amount of such debt at issuance or incurrence in any year and (ii) to the extent subordinated in right of payment to the Initial Term Loans, does not require any scheduled payment of principal (including pursuant to a sinking fund obligation) or mandatory redemption or redemption at the option of the holders thereof (except for customary redemptions in respect of asset sales, changes in control or similar events and AHYDO Catch-Up Payments) prior to the date that is 91 days after the Latest Maturity Date in respect of the Initial Term Loans in effect as of the time such Additional Debt is incurred and (iii) if a Loan Party is a borrower or a guarantor with respect to such Indebtedness the obligation in respect thereof shall not be secured by Liens on the assets of such Loan Party other than assets constituting Collateral.

“Additional Lender” has the meaning assigned to such term in Section 2.20(d).

“Additional Mortgaged Property” has the meaning set forth in Section 5.11(f).

“Additional Refinancing Lender” has the meaning assigned to such term in Section 2.21.

“Additional Term Notes” means first priority senior secured notes and/or junior Lien secured notes and/or unsecured notes, in each case issued pursuant to an indenture, note purchase agreement or other agreement and in lieu of the incurrence of a portion of the Incremental Term Facility; provided that (a) such Additional Term Notes rank pari passu or junior in right of payment and (if secured) of security with the Initial Term Loans hereunder, (b) the Additional Term Notes have a final maturity date that is on or after the then existing Latest Maturity Date with respect to the Initial Term Loans and have a Weighted Average Life to Maturity equal to or longer than the remaining Weighted Average Life to Maturity of the then existing Initial Term Loans (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Term Loans); provided that this clause (b) shall not restrict the issuance or incurrence by the Parent or any of its Restricted Subsidiaries after the Effective Date of up to \$1,700,000,000 aggregate principal amount of Additional Debt, Additional Term Notes, Unrestricted Additional Term Notes, Incremental Term Loans, Seattle Additional Debt, Seattle Additional Term Notes, Seattle Unrestricted Additional Term Notes and Seattle Incremental Term Loans having (x) a final maturity date that is prior to the Latest Maturity Date with respect to the Initial Term Loans so long as such final maturity date is at least five years from the date of such issuance or incurrence and (y) a Weighted Average Life to Maturity shorter than the remaining Weighted Average Life to Maturity of the Initial Term Loans (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Term Loans) so long as such debt does not require annual amortization or similar regularly scheduled prepayments in excess of 10% of the original amount of such debt at issuance or incurrence in any year, (c) the covenants and events of default and other terms of which (other than maturity, fees, discounts, interest rate, redemption terms and redemption premiums, which shall be determined in good faith by the Borrower) shall be on market terms at the time of issuance (as determined in good faith by the Borrower) of the Additional Term Notes; provided that the Additional Term Notes shall not have the benefit of any financial maintenance covenant unless (x) the Initial Term Loans have the benefit of such financial maintenance covenant on the same terms or (y) the Initial Term Loans have in the future been provided with the benefit of a financial maintenance covenant, in which case such Additional Term Notes issued after such future date may be provided with the benefit of the same financial maintenance covenant on the same or less favorable terms, (d) the obligations in respect thereof shall not be secured by Liens on the assets of the Parent and its Restricted Subsidiaries, other than assets constituting Collateral, (e) no Restricted Subsidiary is a borrower or a guarantor with respect to such Indebtedness unless such Restricted Subsidiary is a Loan Party which shall have previously or substantially concurrently guaranteed or borrowed, as applicable, the Obligations, (f) (x) if such Additional Term Notes are secured on a pari passu basis with the Obligations, the Senior Representative for such Additional Term Notes shall enter into the Pari Passu Intercreditor Agreement or other customary intercreditor agreement and (y) if such Additional Term Notes are secured on a junior basis to the Obligations, the Senior Representative for such Additional Term Notes shall enter into a Second Lien Intercreditor Agreement or other customary intercreditor agreement, in each case with the Administrative Agent’s and/or Collateral Agent substantially consistent with the terms set forth on Exhibit K-1 or K-2 annexed hereto together with (A) any immaterial changes and (B) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be pari passu with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are pari passu with, or junior in priority to, other Liens that are junior to the Liens securing the Obligations) and (g) immediately after giving effect to the incurrence of such Additional Term Notes (or, at the option of the Borrower, (i) in the case of any commitment in respect of Additional Term Notes established and not issued or purchased at such time, at the time of issuance and purchase of such Additional Term Notes and not at the time of the commitment and/or (ii) at the time of consummation of any acquisition or investment contemplated pursuant to an agreement in connection therewith) (assuming, solely for purposes of this definition at the time of incurrence and not for any other provision hereunder, that (I) all Additional Term Notes and all Incremental Facilities, in each case established on or prior to such time are secured on a first Lien basis, whether or not so secured and (II) the proceeds of such Additional Term Notes are not included as unrestricted cash and Cash Equivalents in clause (i) of the definition of “First Lien Leverage Ratio”; provided that, to the extent the proceeds of such Additional Term Notes are to be used to prepay Indebtedness, the use of such proceeds for the prepayment of such Indebtedness may be given pro forma effect), on a Pro Forma Basis after giving effect to any acquisition or investment consummated or contemplated pursuant to an agreement in connection herewith, the First Lien Leverage Ratio shall not be greater than 3.50:1.00 as of the Applicable Date of Determination (but without giving effect to any Unrestricted Incremental First Lien Indebtedness, Unrestricted Additional Term Notes, Unrestricted Additional Debt, Seattle Unrestricted Incremental First Lien Indebtedness, Seattle Unrestricted Additional Term Notes or Seattle Unrestricted Additional Debt established and/or incurred at such time, it being understood and agreed that amounts incurred concurrently with the incurrence of Unrestricted Incremental First Lien Indebtedness or Unrestricted Additional Term Notes shall be permitted to exceed 3.50:1.00).

“Adjusted Eurocurrency Rate” means for any Interest Period with respect to a Eurocurrency Borrowing, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Adjusted Eurocurrency Rate} = \frac{\text{Eurocurrency Rate}}{1.00 - \text{Eurocurrency Reserve Percentage}}$$

VIII. “Administrative Agent” means JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders hereunder, and its successors in such capacity as provided in Article

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 9.01, or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

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

“Affiliate” means, with respect to 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. Notwithstanding the foregoing, in relation to The Royal Bank of Scotland plc, the term “Affiliate” shall not include (i) the UK government or any member or instrumentality thereof, including Her Majesty’s Treasury of the United Kingdom and UK Financial Investments Limited (or any directors, officers, employees or entities thereof) or (ii) any persons or entities controlled by or under common control with the UK government or any member or instrumentality thereof (including Her Majesty’s Treasury of the United Kingdom and UK Financial Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings.

“Agent” means any of the Administrative Agent, the Collateral Agent, the Co-Syndication Agents or the Co-Documentation Agents.

“Agreement” has the meaning assigned to such term in the preamble to this Agreement.

“Agreement Currency” has the meaning assigned to such term in Section 9.17.

“AHYDO Catch-Up Payment” means any payment with respect to any obligations of Parent, the Borrower or any Restricted Subsidiary, including subordinated debt obligations, in each case to avoid the application of Code Section 163(e)(5) thereto.

“ALTA” means the American Land Title Association.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate respectively.

“Alternative Currency” means (a) with respect to Letters of Credit, Euros, Sterling and any other currency that may be agreed with the relevant Issuing Bank for issuing Letters of Credit in Alternative Currencies, (b) with respect to any Revolving Loans, Euros, Sterling and any other currency other than Dollars that may be agreed with all of the Revolving Lenders and the Administrative Agent and (c) with respect to any Incremental Term Loans and Incremental Revolving Commitments (and Incremental Revolving Loans made pursuant thereto), any currency that may be agreed among the Borrower and all of the applicable Lenders providing such Incremental Term Loans and/or Incremental Revolving Commitments.

“Amendment No. 1” means that certain Amendment No. 1 to Credit Agreement, dated as of June 5, 2020, by and among Parent, Holdco, the Borrower, the other Loan Parties party thereto, the Administrative Agent and the Lenders party thereto.

“Amendment No. 1 Lead Arrangers” means JPMorgan Chase Bank, N.A., Barclays Bank PLC, HSBC Bank plc, Natwest Markets plc, Bank of America, N.A., London Branch and Goldman Sachs Bank USA, in their respective capacities as joint lead arrangers and joint bookrunners under Amendment No. 1.

“Anti-Corruption Laws” means The United States Foreign Corrupt Practices Act of 1977, the Bribery Act 2010 of the United Kingdom and any similar laws, rules or regulations issued, administered or enforced by any Governmental Authority having jurisdiction over Parent or any of its Subsidiaries.

“Applicable Acquisition Consummation Deadline” has the meaning assigned to such term in Section 2.11(k).

“Applicable Date of Determination” means the last day of the most recently ended fiscal quarter for which financial statements are available pursuant to Section 5.01(a) or (b), as applicable, or, if such date occurs prior to the date on which financial statements are available pursuant to Section 5.01(a) or (b), as applicable, the last day of the most recently ended fiscal quarter for which financial statements were delivered under Section 9 of Effective Date Amendment.

“Applicable Discount” has the meaning assigned to such term in the definition of “Dutch Auction.”

“Applicable Discount Notice” has the meaning assigned to such term in the definition of “Dutch Auction.”

“Applicable Margin” means for any day a percentage per annum equal to (I) with respect to:

(a) [reserved];

- (b) any Tranche B-3 Term Loan that is a Eurocurrency Loan or an ABR Loan, the applicable rate per annum set forth below under the caption “Tranche B-3 Term Loan Eurocurrency Spread” or “Tranche B-3 Term Loan ABR Spread” as the case may be, based upon the First Lien Leverage Ratio as of most recent determination date;
- (c) 4.25% per annum for any Tranche B-4 Term Loan that is a Eurocurrency Loan or 3.25% per annum for any Tranche B-4 Term Loan that is an ABR Loan;
- (d) any Euro Tranche Term Loan, the applicable rate per annum set forth below under the caption “Euro Tranche Term Loan Eurocurrency Spread”, based upon the First Lien Leverage Ratio as of most recent determination date;
- (e) 4.50% per annum for any Euro Tranche B-1 Term Loan;
- (f) any Revolving Loan that is a Eurocurrency Loan or an ABR Loan, the applicable rate per annum set forth below under the caption “Revolving Loan Eurocurrency Spread” or “Revolving Loan ABR Spread” as the case may be, based upon the First Lien Leverage Ratio as of most recent determination date; and
- (g) any Swingline Loan, the Applicable Margin then applicable to a Revolving Loan that is an ABR Loan pursuant to clause (b) above; and
- (II) with respect to Incremental Facilities, Other Term Loans, Other Revolving Loans, Other Revolving Commitments, Extended Term Loans, Extended Revolving Loans, Extended Revolving Commitments or Replacement Term Loans, the rate per annum specified in the amendment establishing such Incremental Facilities, Other Term Loans, Other Revolving Loans, Other Revolving Commitments, Extended Term Loans, Extended Revolving Loans, Extended Revolving Commitments or Replacement Term Loans.

<u>First Lien Leverage Ratio:</u>	<u>Tranche B-3 Term Loan ABR Spread</u>	<u>Tranche B-3 Term Loan Eurocurrency Spread</u>	<u>Euro Tranche Term Loan Eurocurrency Spread</u>	<u>Revolving Loan ABR Spread</u>	<u>Revolving Loan Eurocurrency Spread</u>
Category 1 Greater than 3.00 to 1.00	1.75%	2.75%	3.00%	2.50%	3.50%
Category 2 Less than or equal to 3.00 to 1.00	1.50%	2.50%	2.75%	2.25%	3.25%

Until a Compliance Certificate for the fiscal quarter ending April 30, 2018 is delivered, the Applicable Margin for the Initial Term Loans (other than the Tranche B-4 Term Loans and the Euro Tranche B-1 Term Loans) shall be set at the margin in the row styled “Category 1.” For purposes of the foregoing, (a) the First Lien Leverage Ratio shall be determined on a Pro Forma Basis as of the end of each fiscal quarter of the Parent following delivery of financial statements and related the Compliance Certificate for such fiscal quarter and (b) each change in the Applicable Margin resulting from a change in the First Lien Leverage Ratio shall be effective during the period commencing on and including the Business Day following the date of delivery to the Administrative Agent pursuant to Section 5.01(a) or 5.01(b) of the consolidated financial statements and related Compliance Certificate indicating such change and ending on the date immediately preceding the effective date of the next such change. Notwithstanding the foregoing, the Applicable Margin, at the option of the Required Lenders (in the case of the Initial Term Loans) or the Required Revolving Lenders (in the case of the Revolving Loans), commencing upon written notice to the Borrower, shall be based on the rates per annum set forth in Category 1 if the Borrower fails to deliver the consolidated financial statements required to be delivered pursuant to Section 5.01(a) or 5.01(b) or any Compliance Certificate required to be delivered pursuant hereto, in each case within the time periods specified herein for such delivery, until the delivery thereof.

In the event that a Compliance Certificate is shown to be inaccurate at any time and such inaccuracy, if corrected, would have led to a higher Applicable Margin for any period (an “Applicable Period”) than the Applicable Margin applied for such Applicable Period, then (i) the Borrower shall, upon obtaining knowledge promptly deliver to the Administrative Agent a correct Compliance Certificate for such Applicable Period, (ii) the Applicable Margin shall be determined by reference to the corrected Compliance Certificate for such Applicable Period, and (iii) the Borrower shall pay to the Administrative Agent no later than five (5) Business Days after written demand any additional interest owing as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly applied by the Administrative Agent in accordance with the terms hereof. Notwithstanding anything to the contrary in this Agreement, any additional interest hereunder shall not be due and payable until written demand is made for such payment pursuant to this paragraph and accordingly, any nonpayment of such interest as a result of any such inaccuracy shall not constitute a Default or Event of Default (whether retroactively or otherwise), and no such amounts shall be deemed overdue (and no amounts shall accrue interest at the Default Rate), at any time prior to the date that is five (5) Business Days following such written demand. This paragraph shall not limit the rights of the Administrative Agent and the Lenders hereunder.

“Applicable Percentage” means at any time with respect to any Revolving Lender with a Revolving Commitment of any Class, the percentage of the aggregate Revolving Commitments of such Class outstanding at such time represented by such Lender’s Revolving Commitment with respect to such Class at such time. If the Revolving Commitments of such Class have terminated or expired, the Applicable Percentage shall be determined based upon the Revolving Commitments of such Class most recently in effect, giving effect to any assignments of such Class of Revolving Loans, LC Exposures and Swingline Exposures that occur after such termination or expiration.

“Applicable Premium” means (a) during the period of time from and after the First Amendment Effective Date up to (but not including) the First Call Date, an amount equal to the sum of (x) 2.00% of the principal amount of the Tranche B-4 Term Loan or Euro Tranche B-1 Term Loan prepaid (or in the case of any amendment to this Agreement to effectuate a Repricing Transaction, deemed to be prepaid) and (y) the Make-Whole Premium on such Term Loans, (b) during the period of time from and after the First Call Date up to (but not including) the date that is the first anniversary of the First Call Date, an amount equal to 2.00% of the principal amount of the Tranche B-4 Term Loan or Euro Tranche B-1 Term Loan prepaid (or in the case of any amendment to this Agreement to effectuate a Repricing Transaction, deemed to be prepaid) on such date; and (c) from and after the first anniversary of the First Call Date, zero.

“Applicable Time” means, with respect to any payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by the applicable Issuing Bank to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

“Approved Fund” has the meaning assigned to such term in Section 9.04(b).

“Asset Sale Prepayment Trigger” has the meaning assigned to such term in Section 2.11(c).

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent pursuant to the terms hereof, substantially in the form of Exhibit G or any other form or changes thereto approved by the Administrative Agent and the Borrower. “Auction” has the meaning assigned to such term in the definition of “Dutch Auction.”

“Auction Amount” has the meaning assigned to such term in the definition “Dutch Auction.”

“Auction Expiration Time” has the meaning assigned to such term in the definition “Dutch Auction.”

“Auction Notice” has the meaning assigned to such term in the definition “Dutch Auction.”

“Auction Party” or “Auction Parties” has the meaning assigned to such term in the definition of “Dutch Auction” or as specified in Section 2.11(i), as the context may require.

“Auto-Renewal Letter of Credit” has the meaning specified in Section 2.05(c).

“Available Amount” means, on any date of determination (the “Reference Date”), an amount determined on a cumulative basis equal to the sum of (without duplication):

(a) \$100,000,000; plus

(b) an amount (which shall not be less than zero) equal to 50% of Consolidated Net Income for the period (taken as one accounting period) from the first day of the fiscal quarter of the Borrower during which the Closing Date occurred to and including the last day of the most recently ended fiscal quarter of the Borrower prior to the Reference Date for which consolidated financial statements of the Borrower have been delivered; plus

(c) the cumulative amount of (A) any capital contributions made in cash by any Person other than a Restricted Subsidiary to the Parent after the Closing Date (other than any Cure Amount) and (B) any Net Proceeds of any issuance of Qualified Equity Interests of the Parent (other than any Cure Amount) to any Person other than a Restricted Subsidiary after the Closing Date; plus

(d) 100% of the aggregate net cash proceeds (other than any Cure Amount) and the fair market value (as determined in good faith by the Borrower) of marketable securities or other property contributed to the Qualified Equity Interests of the Parent after the Closing Date by any Person other than a Restricted Subsidiary; plus

(e) to the extent not otherwise included in clause (b) above, (i) the aggregate amount received by the Parent or any Restricted Subsidiary after the Closing Date from cash (or Cash Equivalents) dividends and distributions made by any Unrestricted Subsidiary or any Joint Venture, and returns of principal, cash repayments and similar payments made by any Unrestricted Subsidiary or Joint Venture in respect of Investments made by the Parent or any Restricted Subsidiary to any Unrestricted Subsidiary or Joint Venture pursuant to Section 6.04(z), and (ii) the Net Proceeds in connection with the sale, transfer or other disposition of assets or the Equity Interests of any Unrestricted Subsidiary or Joint Venture of the Parent to any Person other than the Parent or a Restricted Subsidiary after the Closing Date, in each case, to the extent not already reflected as a Return with respect to such Investment credited to any basket amount under Section 6.04; plus

(f) in the event that the Parent redesignates any Unrestricted Subsidiary as a Restricted Subsidiary after the Closing Date (which, for purposes hereof, shall be deemed to also include (A) the merger, consolidation, liquidation or similar amalgamation of any Unrestricted Subsidiary into the Parent or any Restricted Subsidiary, so long as the Parent or such Restricted Subsidiary is the surviving Person, and (B) the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Parent or any Restricted Subsidiary), the fair market value (as determined in good faith by the Parent) of the Investment in such Unrestricted Subsidiary at the time of such redesignation; plus

(g) the aggregate amount of Retained Declined Proceeds and Retained Asset Sale Proceeds retained by the Parent or any of its Restricted Subsidiaries; plus

(h) the fair market value of all Qualified Equity Interests of the Parent issued upon conversion or exchange of Indebtedness or Disqualified Equity Interests of the Parent or any of its Restricted Subsidiaries after the Closing Date; plus

(i) to the extent not otherwise included, the aggregate amount of cash Returns (or proceeds of sales) to the Parent or any Restricted Subsidiary in respect of Investments made pursuant to Section 6.04(z) or (dd); minus

(j) the aggregate amount of (i) Restricted Payments made using the Available Amount pursuant to Section 6.08(a)(xx), (ii) Investments made using the Available Amount pursuant to Section 6.04(z) and (iii) prepayments, redemptions, acquisitions, retirements, cancellations, terminations and repurchases of Indebtedness made using the Available Amount pursuant to Section 6.08(b)(vi) (B), in each case during the period from and including the Business Day immediately following the Closing Date through and including the Reference Date (without taking account of the intended usage of the Available Amount on such Reference Date).

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

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

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy”, as now and hereafter in effect, or any successor statute.

“Beneficial Owner” means, in the case of a Lender that is classified as a partnership for U.S. federal income tax purposes, the direct or indirect partner or owner of such Lender that is treated, for U.S. federal income tax purposes, as the beneficial owner of a payment by any Loan Party under any Loan Document.

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

“Borrower” has the meaning assigned to such term in the preamble to this Agreement.

“Borrower Intercompany Loan” has the meaning assigned to such term in the recitals to this Agreement.

“Borrower Materials” has the meaning assigned to such term in Section 5.01.

“Borrowing” means (a) Loans of the same Class, Type and currency made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect or (b) a Swingline Loan.

“Borrowing Request” means a request by the Borrower for a Borrowing in accordance with Section 2.03 substantially in the form of Exhibit A hereto or such other form as may be approved by the Administrative Agent and the Borrower, 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.

“Bund Rate” means a rate per annum (but not less than 0%) determined by the Administrative Agent equal to the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two (2) Business Days (but not more than five (5) Business Days) prior to the date of notice of such repayment (or, if such financial statistics are not so published or available, any publicly available source or similar market data selected in good faith by the Administrative Agent)) most nearly equal to the period from the repayment date to the First Call Date, provided that if the period from the redemption date to the First Call Date is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany selected by the Borrower adjusted to a constant maturity of one (1) year shall be used.

“Business Day” means (a) for all purposes other than as covered by clauses (b), (c) and (d) below, any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or London are authorized or required by law to remain closed, (b) if such day relates to any fundings, disbursements, settlements or payments in connection with a Loan or Letter of Credit denominated in Dollars, any day described in clause (a) that is also a day for trading by and between banks in Dollar deposits in the London interbank currency markets and not a legal holiday in the principal financial markets or a day in which banking institutions are required to be closed in the home country of any relevant Alternative Currency (other than Sterling and Euros), (c) if such day relates to any fundings, disbursements, settlements or payments in connection with a Loan or Letter of Credit denominated in Euros, any day described in clauses (a) and (b) that is also a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET) payment system is open for the settlement of payment in Euros, and (d) if such day relates to any fundings, disbursements, settlements or payments in connection with a Loan or Letter of Credit denominated in a currency other than Dollars or Euros, means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

“Capital Expenditures” means, for any period, the additions to property, plant and equipment of the Parent and its Restricted Subsidiaries that are (or should be) set forth in a consolidated statement of cash flows of the Parent and its Restricted Subsidiaries for such period prepared in accordance with IFRS, but excluding in each case any such expenditure (i) made to restore, replace, rebuild, develop, maintain, improve or upgrade property, to the extent such expenditure is made with, or subsequently reimbursed out of, insurance proceeds, indemnity payments, condemnation or similar awards (or payments in lieu thereof) or damage recovery proceeds or other settlements relating to any damage, loss, destruction or condemnation of such property, (ii) constituting reinvestment of the Net Proceeds of any event described in clause (a) or (b) of the definition of the term “Prepayment Event,” (iii) made by the Parent or any Restricted Subsidiary as payment of the consideration for any Acquisition (including any property, plant and equipment obtained as a part thereof), (iv) made by the Parent or any Restricted Subsidiary to effect leasehold improvements to any property leased by the Parent or such Restricted Subsidiary as lessee, to the extent that such expenses have been reimbursed by the landlord, (v) actually paid for by a third party (excluding the Parent or any Restricted Subsidiary) and for which none of the Parent or any Restricted Subsidiary has provided or is required to provide or incur, directly or indirectly, any consideration or monetary obligation to such third party or any other Person (whether before, during or after such period), (vi) constituting Capitalized Software Expenditures or research and development expenditures that are treated as additions to property, plant and equipment or other capital expenditures in accordance with IFRS, (vii) made with the Net Proceeds from any issuance of Qualified Equity Interests of the Parent, and (viii) the purchase price of equipment that is purchased simultaneously with the trade in or sale of existing equipment.

“Capital Lease Obligations” of any Person means, subject to Section 1.04, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital or finance leases on a statement of financial position of such Person under IFRS and the amount of such obligations shall be the capitalized amount thereof determined in accordance with IFRS.

“Capitalized Software Expenditures” means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of purchased software or internally developed software and software enhancements that, in conformity with IFRS, are or are required to be reflected as capitalized costs on the consolidated statement of financial position of a Person and its Restricted Subsidiaries.

“Captive Insurance Subsidiaries” means, collectively or individually as of any date of determination, those regulated Subsidiaries of the Parent primarily engaged in the business of providing insurance and insurance related services to the Parent, its other Subsidiaries and certain other Persons.

“Cash Collateralize” means to deposit, or designate funds previously deposited, in a deposit account subject to control of the Administrative Agent or Collateral Agent, solely for the benefit of the Issuing Bank or Lenders, as collateral for Letters of Credit or obligations of Lenders to fund participations in respect of Letters of Credit, cash or deposit account balances in an aggregate amount equal to 100% (or, in the case where the obligation to Cash Collateralize arises from a voluntary termination of Revolving Commitments, 103%) of the maximum amount available to be drawn under such Letters of Credit or, if the Issuing Bank shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Issuing Bank. “Cash Collateral” shall have a meaning correlative to the foregoing.

“Cash Equivalents” means:

(a) (i) Dollars, Euro, Sterling, or any national currency of any member state of the European Union; or (ii) any other foreign currency held by the Parent or any of its Restricted Subsidiaries in the ordinary course of business;

(b) securities issued or directly and fully Guaranteed or insured by the United States or Canada or any entity comprising the United Kingdom governments, a member state of the European Union or, in each case, any agency or instrumentality of thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(c) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers’ acceptances having maturities of not more than one year from the date of acquisition thereof issued by (x) any Lender or affiliate thereof or (y) by any bank or trust company (i) whose commercial paper is rated at least “A-2” or the equivalent thereof by S&P or at least “P-2” or the equivalent thereof by Moody’s (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (ii) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of \$100 million;

(d) repurchase obligations for underlying securities of the types described in clauses (b) and (c) entered into with any Person referenced in clause (c) above;

(e) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Person referenced in clause (c);

(f) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by S&P or “P-2” or the equivalent thereof by Moody’s or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(g) readily marketable direct obligations issued by any state, commonwealth or territory of the United States of America, any province or territory of Canada, any entity comprising the United Kingdom, any member of the European Union, any other foreign government or any political subdivision or taxing authority thereof, in each case, having one of the two highest rating categories obtainable from either Moody’s or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(h) Indebtedness or preferred stock issued by Persons with a rating of “BBB-” or higher from S&P or “Baa3” or higher from Moody’s (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(i) bills of exchange issued in the United States, Canada, any entity comprising the United Kingdom, a member state of the European Union or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(j) interests in any investment company, money market or enhanced high yield fund which invests at least 90% of its assets in instruments of the type specified in clauses (a) through (i) above;

(k) instruments and investments of the type and maturity described in clause (a) through (j) denominated in any foreign currency or of foreign obligors, which investments or obligors are, in the reasonable judgment of the Borrower, comparable in investment quality to those referred to above;

(l) the marketable securities portfolio owned by the Parent and its Subsidiaries on the Effective Date; and

(m) solely with respect to any Restricted Subsidiary that is a Foreign Subsidiary, investments of comparable tenor and credit quality to those described in the foregoing clauses (b) through (l) customarily utilized in countries in which such Foreign Subsidiary operates for short term cash management purposes.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than set forth in clause (a) above; provided that such amounts are converted into currencies listed in clause (a) within ten Business Days following the receipt of such amounts.

“Cash Management Agreement” means any agreement to provide Cash Management Services.

“Cash Management Obligations” means, as to any Person, any and all obligations of such Person, whether absolute or contingent and however and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under any Cash Management Agreement.

“Cash Management Services” means any one or more of the following types of services or facilities, including without limitation (a) Automated Clearing House (ACH) transactions, (b) cash management services, including controlled disbursement services, treasury, depository, overdraft, credit or debit card, stored value card, electronic funds transfer services, and (c) foreign exchange facilities or other cash management arrangements in the ordinary course of business. For the avoidance of doubt, Cash Management Services do not include Swap Agreements.

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

“CFC Holding Company” means any Domestic Subsidiary that owns no material assets other than cash and cash equivalents and equity interests in and/or debt of one or more (a) Foreign Subsidiaries that are CFCs or (b) other Domestic Subsidiaries that own no material assets other than cash and cash equivalents and equity interests in and/or debt of one or more Foreign Subsidiaries that are CFCs.

“Change in Control” means the occurrence of any of the following events after the Effective Date: (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), but excluding any employee benefit plan of such Person and any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any employee benefit plan of such person, shall become the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding voting securities having ordinary voting power for the election of directors of the Parent; or (b) the Parent shall cease to own, directly or indirectly through wholly owned Subsidiaries, of record and beneficially, 100% of each class of outstanding Equity Interests of the Borrower.

“Change in Law” means (a) the adoption of any law, rule, treaty or regulation after the Closing Date (or, solely with respect to the Lenders with respect to the Tranche B-3 Term Loans and Euro Tranche Term Loans, the Escrow Funding Date), (b) any change in any law, rule, treaty or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date (or, solely with respect to the Lenders with respect to the Tranche B-3 Term Loans and Euro Tranche Term Loans, the Escrow Funding Date) or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender’s or the Issuing Bank’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date (or, solely with respect to the Lenders with respect to the Tranche B-3 Term Loans and Euro Tranche Term Loans, the Escrow Funding Date); provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law” regardless of the date enacted, adopted or issued.

“Charges” has the meaning assigned to such term in Section 9.13.

“Class,” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Tranche B-3 Term Loans, Tranche B-4 Term Loans, Euro Tranche Term Loans, Euro Tranche B-1 Term Loans, Incremental Term Loans, Incremental Revolving Loans, Other Term Loans, Other Revolving Loans, Extended Term Loans, Extended Revolving Loans, Replacement Term Loans or Swingline Loans; when used in reference to any Commitment, refers to whether such Commitment is a Tranche B-3 Term Commitment, Tranche B-4 Term Commitment, Euro Tranche Term Commitment, Euro Tranche B-1 Term Commitment, Revolving Commitment, Incremental Term Commitment, Incremental Revolving Commitment, Extended Revolving Commitments, Other Term Commitment and Other Revolving Commitment; and when used in reference to any Lender, refers to whether such Lender has a Loan or Commitment with respect to a particular Class. Incremental Term Loans, Extended Term Loans, Other Term Loans and Replacement Term Loans (together with the respective Commitments in respect thereof) shall, at the election of the Borrower, be construed to be in different Classes. Incremental Revolving Loans, Extended Revolving Loans and Other Revolving Loans (together with the respective Commitments in respect thereof) shall, at the election of the Borrower, be construed to be in different Classes.

“CLO” has the meaning assigned to such term in Section 9.04(b).

“Closing Date” means the date on which the conditions precedent set forth in Section 8 of Effective Date Amendment shall have been satisfied or waived.

“Co-Documentation Agents” means JPMorgan Chase Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated or any successor co-documentation agents.

“Co-Syndication Agents” means HSBC Securities (USA) Inc., Barclays Bank plc and The Royal Bank of Scotland plc or any successor co-syndication agents.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” means any and all “Collateral” or “Secured Assets” (or any other term of similar meaning), as defined in any applicable Security Document, and any and all property of whatever kind or nature subject to or purported to be subject to a Lien under any Security Document, but shall in all events exclude all Excluded Property.

“Collateral Agent” means JPMorgan Chase Bank, N.A., in its capacity as collateral agent (including, if applicable, in the case of any UK Security Documents, as trustee of the Liens constituted thereby) for the Secured Parties, and its successors in such capacity as provided in Article VIII.

“Commitment” means (a) with respect to any Person, such Person’s Tranche B-3 Term Commitment, Tranche B-4 Term Commitment, Euro Tranche Term Commitment, Euro Tranche B-1 Term Commitment, Revolving Commitment, Incremental Term Commitment, Incremental Revolving Commitment, Other Term Commitment, Extended Revolving Commitment or Other Revolving Commitment or any combination thereof (as the context requires) and (b) with respect to the Swingline Lender, its Swingline Commitment.

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), as amended from time to time, and any successor statute.

“Communications” has the meaning assigned to such term in Section 9.15.

“Company” has the meaning assigned to such term in the preamble to this Agreement.

“Compliance Certificate” means a certificate substantially in the form of Exhibit J annexed hereto.

“Consolidated Depreciation and Amortization Expense” means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including amortization or write-off of (i) intangible assets and non-cash organization costs, (ii) deferred financing fees or costs and (iii) Capitalized Software Expenditures or costs, capitalized expenditures, customer acquisition costs and incentive payments, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with IFRS and any write down of assets or asset value carried on the statement of financial position.

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

- (1) increased (without duplication) by:
 - (a) provision for taxes based on income or profits or capital, including, without limitation, federal, state, provincial, local, foreign, unitary, excise, property, franchise and similar taxes and foreign withholding and similar taxes (including any penalties and interest) of such Person paid or accrued during such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

- (b) Consolidated Interest Expense of such Person for such period (including (x) net losses on Swap Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk and (y) costs of surety bonds in connection with financing activities), to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; *plus*
- (c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*
- (d) (x) Transaction Costs and (y) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated issuance or registration (actual or proposed) of Equity Interests, any one time expense relating to enhanced accounting functions or other transaction costs or any Investment, acquisition, disposition, recapitalization, Restricted Payment or the incurrence or registration (actual or proposed) of Indebtedness (including a refinancing thereof) (in each case, whether or not consummated or successful), including (i) such fees, expenses or charges related to any Loans, the offering of Additional Debt, Additional Term Notes, Refinancing Notes, Term Loan Exchange Notes or any Permitted Refinancing and this Agreement and any Securitization Fees and such fees, expenses or charges related to any Loans, the offering of Additional Debt, Additional Term Notes, Refinancing Notes, Term Loan Exchange Notes or any Permitted Refinancing, in each case, as defined in the Seattle Credit Agreement, and (ii) any amendment, waiver or other modification of Loans, Additional Debt, Additional Term Notes, Refinancing Notes, Term Loan Exchange Notes and Loans, Additional Debt, Additional Term Notes, Refinancing Notes, Term Loan Exchange Notes, in each case, as defined in the Seattle Credit Agreement. Receivables Facilities, Securitization Facilities, or any Permitted Refinancing, any Loan Document, any Seattle Loan Document, any Securitization Fees, any other Indebtedness or any Equity Interests, in each case, whether or not consummated, deducted (and not added back) in computing Consolidated Net Income; *plus*
- (e) the amount of any restructuring charge, reserve, integration cost or other business optimization expense or cost (including charges directly related to implementation of cost-savings initiatives), that is deducted (and not added back) in such period in computing Consolidated Net Income including, without limitation, those related to severance, retention, signing bonuses, relocation, recruiting and other employee related costs, future lease commitments and costs related to the opening and closure and/or consolidation of facilities; *plus*
- (f) any non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including any share based compensation charge and any impairment charges or the impact of purchase accounting, or other items classified by the Parent as special items; *plus*

- (g) [Reserved];
- (h) (i) the amount of cost savings, operating expense reductions, other operating improvements and initiatives and synergies projected by the Borrower in good faith to be reasonably anticipated to be realizable or a plan for realization shall have been established within eighteen (18) months of the date thereof (which will be added to Consolidated EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings, operating expense reductions, other operating improvements and initiatives and synergies had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions; *provided that*, to the extent any such operational changes are not associated with the Transactions or a Specified Transaction, all steps have been taken for realizing such cost savings and such cost savings are reasonably identifiable and factually supportable (in the good faith determination of the Borrower); and (ii) each of the adjustments of the nature set forth (x) in the model delivered to the Agent on March 30, 2017 or in the confidential information memorandum of the Borrower dated April 2017, or (y) on Schedule 1.01(a); *plus*
- (i) the amount of loss on sale of Securitization Assets and related assets to the Securitization Subsidiary in connection with a Qualified Securitization Financing; *plus*
- (j) any costs or expense incurred by the Parent or any Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Parent or net cash proceeds of an issuance of Qualified Equity Interests of the Parent (in each case, except to the extent comprising any Cure Amount); *plus*
- (k) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*
- (l) any loss attributable to non-controlling interests included in the consolidated financial statements due to the application of IFRS 10 “Consolidated Financial Statements” and related pronouncements; *plus*
- (m) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the statement of financial position of the Parent and its Restricted Subsidiaries; *plus*

- (n) net realized losses from Swap Obligations or embedded derivatives that require similar accounting treatment and the application of IFRS 9 “Financial Instruments” and related pronouncements; *plus*
 - (o) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Subsidiary deducted in calculating Consolidated Net Income (and not added back in such period to Consolidated Net Income); *plus*
 - (p) costs related to the implementation of operational and reporting systems and technology initiatives.
- (2) decreased (without duplication) by: (a) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period and any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated EBITDA in such prior period; plus (b) realized foreign exchange income or gains resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the statement of financial position of the Parent and its Restricted Subsidiaries; plus (c) any net realized income or gains from Swap Obligations or embedded derivatives that require similar accounting treatment and the application of IFRS 9 “Financial Instruments” and related pronouncements; plus (d) any net profit attributable to non-controlling interests included in the consolidated financial statements due to the application of IFRS 10 “Consolidated Financial Statements” and related pronouncements; plus (e) all cash payments made during such period to the extent made on account of non-cash reserves and other non-cash charges added back to Consolidated Net Income pursuant to clause (f) above in a previous period (it being understood that this clause (2)(e) shall not be utilized in reversing any non-cash reserve or charge added to Consolidated Net Income); plus (f) the amount of any minority interest income consisting of Subsidiary loss attributable to minority equity interests of third parties in any non-wholly owned Subsidiary added to Consolidated Net Income (and not deducted in such period from Consolidated Net Income); *plus*
- (3) increased or decreased (without duplication) by, as applicable, any adjustments resulting for the application of IAS 37 “Provisions, contingent liabilities and contingent assets” or any comparable regulation.

For purposes of determining compliance with any financial test or ratio hereunder (including any incurrence test), (x) Consolidated EBITDA of any Person, property, business or asset acquired by the Parent or any Restricted Subsidiary during such period and of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary shall be included in determining Consolidated EBITDA of the Parent and its Restricted Subsidiaries for any period, (y) Consolidated EBITDA of any Restricted Subsidiary or any operating entity for which historical financial statements are available that is Disposed of during such period or any Restricted Subsidiary that is converted into a Unrestricted Subsidiary during such period shall be excluded in determining Consolidated EBITDA of the Parent and its Restricted Subsidiaries for any period, and (z) Consolidated EBITDA shall be calculated on a Pro Forma Basis. Unless otherwise provided herein, Consolidated EBITDA shall be calculated with respect to the Parent and its Restricted Subsidiaries.

“Consolidated Interest Expense” means, with respect to any Person for any period, without duplication, the sum of:

- (1) consolidated interest expense or finance costs of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) amortization of original issue discount or premium resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances or any similar facilities or financing and hedging agreements, (c) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of any Swap Obligations or other derivative instruments pursuant to IFRS), (d) the interest component of Capital Lease Obligations, (e) net payments, if any, pursuant to interest rate Swap Obligations with respect to Indebtedness, (f) fees and expenses paid to the Agents, (g) other bank and financing fees, and (h) costs of surety bonds in connection with financing activities); *plus*
- (2) consolidated capitalized interest expense or finance costs of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; *plus*
- (3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of preferred stock of any Subsidiary of such Person during such period; *plus*
- (4) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Equity Interests during this period.

For purposes of this definition, interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Capital Lease Obligation in accordance with IFRS.

“Consolidated Net Income” means, for any period, the net income (loss) of the Parent and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; provided, however, that there will not be included in such Consolidated Net Income (other than in respect of clause (o) which will be added to Consolidated Net Income):

- (a) any profit (loss) for such period of any Person if such Person is not a Restricted Subsidiary, except that any equity in the profit of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that (as reasonably determined by a Responsible Officer of the Borrower) could have been distributed by such Person during such period to the Parent or any Restricted Subsidiary as a dividend or other distribution or as a return on investment;

- (b) any profit (or loss) for such period realized upon the sale or other disposition of any asset or disposed operations of the Borrower or any Restricted Subsidiaries (including pursuant to any Sale Leaseback which is not sold or otherwise disposed of in the ordinary course of business);
- (c) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense, or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense;
- (d) the cumulative effect of a change in accounting principles;
- (e) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions or on the re-valuation of any benefit plan obligation and (ii) income (loss) attributable to deferred compensation plans or trusts shall be excluded;
- (f) all deferred financing costs written off or amortized and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;
- (g) any unrealized gains or losses in respect of Swap Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Swap Obligations;
- (h) any unrealized foreign currency transaction gains or losses in respect of obligations of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;
- (i) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Parent or any Restricted Subsidiary owing to the Parent or any Restricted Subsidiary;
- (j) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Parent and the Restricted Subsidiaries), as a result of the Transactions or any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);
- (k) any goodwill or other asset impairment charge or write-off or write-down;

- (l) any after-tax effect of income (loss) from the early retirement, extinguishment or cancellation of Indebtedness or Swap Obligations or other derivative instruments shall be excluded;
- (m) accruals and reserves that are established within twelve months after the Acquisition Closing Date that are so required to be established as a result of the Transactions in accordance with IFRS, shall be excluded;
- (n) any net unrealized gains and losses resulting from Swap Obligations or embedded derivatives that require similar accounting treatment and the application of IFRS 9 “Financial Instruments” and related pronouncements shall be excluded;
- (o) proceeds from any business interruption insurance to the extent not already included in Consolidated Net Income;
- (p) the amount of any expense to the extent a corresponding amount is received in cash by the Parent and the Restricted Subsidiaries from a Person other than the Parent or any Restricted Subsidiaries, provided such payment has not been included in determining Consolidated Net Income (it being understood that if the amounts received in cash under any such agreement in any period exceed the amount of expense in respect of such period, such excess amounts received may be carried forward and applied against expense in future periods);
- (q) gains and losses on the sale, exchange or other disposition of assets outside the ordinary course of business or abandonment of assets and from discontinued operations;
- (r) cash and non-cash charges, paid or accrued, and gains resulting from the application of IFRS 3 “Business Combinations” (including with respect to earn-outs incurred by the Parent or any of its Restricted Subsidiaries); and
- (s) rental payments under Synthetic Leases.

In addition, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall exclude (i) any expenses and charges that are reimbursed by indemnification or other reimbursement provisions, or so long as the Borrower has made a determination that there exists reasonable evidence that such amount will in fact be indemnified or reimbursed (and such amount is in fact reimbursed within 365 days of the date of such charge or payment (with a deduction for any amount so added back to the extent not so reimbursed within such 365 days)), in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder (ii) to the extent covered by insurance and actually reimbursed, or, so long as the Borrower has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and such amount is in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption, (iii) any expenses and charges to the extent paid for, or so long as the Borrower has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by (and such amount is in fact reimbursed within 365 days of the date of such payment (with a deduction for any amount so added back to the extent not so reimbursed within 365 days)), any third party other than such Person or any of its Restricted Subsidiaries.

“Consolidated Total Assets” means, as of any date of determination, the amount that would, in conformity with IFRS, be set forth opposite the caption “total assets” (or any like caption) on the most recent consolidated statement of financial position of the Parent and the Restricted Subsidiaries at such date or, for the period prior to the time any such statements are so delivered, the pro forma financial statements of the Parent giving effect to the Transactions.

“Consolidated Working Capital” shall mean, at any date, the excess (which may be a negative number) of (a) the sum of all amounts (other than cash and Cash Equivalents) that would, in conformity with IFRS, be set forth opposite the caption “total current assets” (or any like caption) on a consolidated balance sheet of the Parent and the Restricted Subsidiaries at such date excluding the current portion of income tax receivables, deferred financing fees and assets held for sale over (b) the sum of all amounts that would, in conformity with IFRS, be set forth opposite the caption “total current liabilities” (or any like caption) on a consolidated statement of financial position of the Parent and the Restricted Subsidiaries on such date, including deferred revenue but excluding, without duplication, (i) the current portion of any long term debt and all revolving loans, (ii) all Indebtedness consisting of Loans and LC Exposure and Capital Lease Obligations to the extent otherwise included therein, (iii) the current portion of interest payable and (iv) the current portion of income tax liabilities; provided that Consolidated Working Capital shall be calculated without giving effect to (w) purchase accounting, (x) any assets or liabilities acquired, assumed, sold or transferred in any Acquisition or Disposition pursuant to Section 6.05(k) or Section 6.05(bb), (y) as a result of the reclassification of items from current to non-current and vice versa or (z) changes to Consolidated Working Capital resulting from non-cash charges and credits to consolidated current assets and consolidated current liabilities (including, without limitation, derivatives and tax receivables and liabilities).

“Contract Consideration” shall have the meaning provided in the definition of “Excess Cash Flow.”

“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. The terms “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Agreement Refinanced Debt” has the meaning assigned to such term in the definition of “Credit Agreement Refinancing Indebtedness.”

“Credit Agreement Refinancing Indebtedness” means (a) Permitted First Priority Replacement Debt, (b) Permitted Second Priority Replacement Debt, (c) Permitted Unsecured Replacement Debt, and/or (d) Other Term Loans or Other Revolving Commitments (including the corresponding Other Revolving Loans incurred pursuant to such Other Revolving Commitments) obtained pursuant to a Refinancing Amendment, in each case, issued, incurred or obtained (including by means of the extension or renewal of existing Indebtedness) in exchange for, or to extend, renew, replace, restructure or refinance, in whole or in part, any or all Classes of then existing Term Loans, Revolving Loans or Revolving Commitments (in each case including any successive Credit Agreement Refinancing Indebtedness) (the “Credit Agreement Refinanced Debt”); provided that (v) such Credit Agreement Refinancing Indebtedness (including, if such Credit Agreement Refinancing Indebtedness includes any Other Revolving Commitments, such Other Revolving Commitments) is in an original aggregate principal amount not greater than the aggregate principal amount of the Credit Agreement Refinanced Debt (including, in the case of Credit Agreement Refinanced Debt consisting, in whole or in part, of Revolving Commitments or Other Revolving Commitments, the amount thereof) plus any Term Loans and/or Revolving Commitments plus other Indebtedness that could otherwise be (A) incurred hereunder (subject to a dollar-for-dollar usage of any basket (other than any basket that provides for Credit Agreement Refinancing Indebtedness) set forth in Section 6.01) and (B) if such Indebtedness is secured, subject to a dollar-for-dollar usage of any basket (other than any basket that provides for Liens on Credit Agreement Refinancing Indebtedness) set forth in Section 6.02, plus premiums and accrued and unpaid interest, fees and expenses in respect thereof plus other reasonable costs, fees and expenses (including upfront fees and original issue discount) incurred in connection with such Credit Agreement Refinancing Indebtedness, (w) such Credit Agreement Refinancing Indebtedness does not mature prior to the maturity date of and, except in the case of Other Revolving Commitments, has a Weighted Average Life to Maturity equal to or longer than the Weighted Average Life to Maturity at such time of the corresponding Class of Credit Agreement Refinanced Debt (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Credit Agreement Refinanced Debt), (x) no Restricted Subsidiary is a borrower or a guarantor with respect to such Indebtedness unless such Restricted Subsidiary is a Loan Party which shall have previously or substantially concurrently guaranteed or borrowed, as applicable, the Obligations, (y) such Credit Agreement Refinanced Debt shall be repaid, defeased or satisfied and discharged, and all accrued and unpaid interest, fees then due and premiums (if any) in connection therewith shall be paid substantially contemporaneously with the incurrence of the Credit Agreement Refinancing Indebtedness; and (z) if such Credit Agreement Refinancing Indebtedness is Permitted First Priority Replacement Debt, Permitted Second Priority Replacement Debt and/or Permitted Unsecured Replacement Debt, the covenants and events of default and other terms of which (other than maturity, fees, discounts, interest rate, redemption terms and redemption premiums, which shall be determined in good faith by the Borrower) shall be on market terms at the time of issuance (as determined in good faith by the Borrower) of such Credit Agreement Refinancing Indebtedness; provided that such Indebtedness (other than Indebtedness consisting of revolving commitments and revolving loans) shall not have the benefit of any financial maintenance covenant unless (x) the Term Loans have the benefit of such financial maintenance covenant on the same terms or (y) the Term Loans have in the future been provided with the benefit of a financial maintenance covenant, in which case such Indebtedness issued after such future date may be provided with the benefit of the same financial maintenance covenant on the same terms. For the avoidance of doubt, (I) Credit Agreement Refinancing Indebtedness consisting of Other Term Loans or Other Revolving Commitments (including the corresponding Other Revolving Loans incurred pursuant to such Other Revolving Commitments) shall be subject to the requirements set forth in Section 2.21, and (II) to the extent that such Credit Agreement Refinanced Debt consists, in whole or in part, of (A) Revolving Commitments or Other Revolving Commitments, such Revolving Commitments or Other Revolving Commitments or (B) Revolving Loans, Other Revolving Loans or Swingline Loans, the corresponding Revolving Commitments or Other Revolving Commitments, in each case, shall be terminated, and all accrued fees in connection therewith shall be paid substantially contemporaneously with the incurrence of the Credit Agreement Refinancing Indebtedness.

“Credit Event” has the meaning assigned to such term in Section 4.02.

“Cure Amount” has the meaning assigned to such term in Section 7.03.

“Cure Right” has the meaning assigned to such term in Section 7.03.

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

“Declined Proceeds” has the meaning assigned to such term in Section 2.11(g).

“Default” means any event or condition specified in Article VII that after notice, lapse of applicable grace periods or both would, unless cured or waived hereunder, constitute an Event of Default; provided that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

“Defaulting Lender” means, subject to Section 2.22(b), 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, or (ii) pay to the Administrative Agent, any Issuing Bank, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent or any Issuing Bank in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect, (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 parent company that has, (i) become the subject of a proceeding under the Bankruptcy Code, (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 or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination made in good faith by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.22(b)) upon delivery of written notice of such determination to the Borrower, each Issuing Bank and each Lender.

“Defaulting Seattle Lender” means a Seattle Lender that is a “Defaulting Lender” as defined in the Seattle Credit Agreement.

“Designated Non-Cash Consideration” means the fair market value (as determined in good faith by the Borrower) of non-cash consideration received by the Parent or one of its Restricted Subsidiaries in connection with a Disposition that is so designated as Designated Non-Cash Consideration pursuant to an officer’s certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Section 6.05.

“Direct Competitor” means any Person who is a competitor of the Parent and its Subsidiaries (including the Company and its subsidiaries) or any Affiliate of such competitor (other than, unless a Disqualified Lender or an Excluded Affiliate, bona fide fixed income investors or debt funds that are (i) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of business) and (ii) managed, sponsored or advised by any person that is controlling, controlled by or under common control with such competitor or Affiliate thereof, as applicable, but only to the extent that no personnel involved with the investment in such competitor or Affiliate thereof, as applicable, (x) makes (or has the right to make or participate with others in making) investment decisions on behalf of such debt fund, investment vehicle, regulated bank entity or unregulated lending entity or (y) has access to any information (other than information that is publicly available) relating to the Parent and its Subsidiaries (including the Company and its subsidiaries) and/or any entity that forms a part of any of their respective businesses (including any of their respective subsidiaries).

“Disclosed Matters” means the actions, suits and proceedings and the environmental matters disclosed on Schedule 3.06.

“Disclosure and Transparency Rules” means the latest edition of the “Disclosure and Transparency Rules” issued made by the FCA under Part VI of the FSMA.

“Discount Range” has the meaning assigned to such term in the definition of “Dutch Auction.”

“Disposition” or “Dispose” means the sale, transfer, license, lease (as lessor) or other disposition (including any Sale Leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any Equity Interests owned by such Person, or any notes or trade or accounts receivable or any rights and claims associated therewith; provided that “Disposition” and “Dispose” shall be deemed not to include any issuance or sale by such Person of its Equity Interests or other securities to another Person.

“Disqualified Equity Interests” means Equity Interests that by their terms (or by the terms of any security into which they are convertible or for which they are exchangeable) (a) require the payment of any cash dividends (other than dividends payable solely in shares of Qualified Equity Interests), (b) mature or are mandatorily redeemable or subject to mandatory repurchase or redemption or repurchase at the option of the holders thereof, in whole or in part and whether upon the occurrence of any event, pursuant to a sinking fund obligation, on a fixed date or otherwise, prior to the date that is 91 days after the then Latest Maturity Date at such time of then outstanding Loans (other than (i) upon payment in full of the Obligations (other than contingent indemnification obligations for which no claim has been made), reduction of the LC Exposure to zero and termination of the Commitments or (ii) upon a “change in control,” asset sale or similar event) or (c) are convertible or exchangeable, automatically or at the option of any holder thereof, into any Indebtedness other than Indebtedness otherwise permitted under Section 6.01; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of the Parent or the Restricted Subsidiaries or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because it may be required to be repurchased by the Parent or if its Restricted Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability.

“Disqualified Lender” means (x) any Person identified in writing to the Administrative Agent on or prior to September 7, 2016 and/or (y) any Excluded Affiliate.

“Dollar Equivalent” means, on any date of determination, (a) with respect to any amount in Dollars, such amount, and (b) with respect to any amount in Euros or any other Alternative Currency, the equivalent in Dollars of such amount, determined by the Administrative Agent pursuant to Section 1.06 using the Exchange Rate with respect to Euros or such Alternative Currency at the time in effect under the provisions of such Section (except as otherwise expressly provided herein).

“Dollars” or “\$” refers to the lawful money of the United States of America.

“Domestic Restricted Subsidiary” means any Domestic Subsidiary that is a Restricted Subsidiary.

“Domestic Subsidiary” means any Subsidiary of the Parent that is incorporated or organized under the laws of the United States of America, any state thereof or the District of Columbia (it being understood that a Foreign Subsidiary with a dual charter (one of which is governed by the laws of the United States of America, any state thereof or the District of Columbia) shall not be deemed a “Domestic Subsidiary” for purposes hereof).

“Dutch Auction” means an auction (an “Auction”) conducted by the Parent or one or more of its Subsidiaries (in such capacity, as applicable, the “Auction Party”) in their sole discretion in order to purchase Revolving Loans and Revolving Commitments of Defaulting Lenders or Term Loans in accordance with the following procedures:

(A) Notice Procedures. In connection with an Auction, the Auction Party will provide notification to the auction manager (for distribution to the Lenders of the relevant Class of Loans and Commitments that are the subject of the Auction (the “Eligible Auction Lenders”) and the Administrative Agent) of the Class and principal amount of Loans and Commitments that will be the subject of the Auction (an “Auction Notice”). Each Auction Notice shall contain (i) the Class of Loans and Commitments that will be the subject of the Auction, (ii) the total cash value of the bid (the “Auction Amount”), in a minimum amount of \$1,000,000 with minimum increments of \$500,000, (iii) the discount to par, which shall be a range (the “Discount Range”) of percentages of the par principal amount of the Term Loans (i.e., a 5% to 10% Discount Range would represent \$50,000 to \$100,000 per \$1,000,000 principal amount of Loans and Commitments, with a 10% discount being deemed a “higher” discount than 5% for purposes of an Auction) at issue that represents the discounts applied to calculate the range of purchase prices that could be paid in the Auction; provided that the Discount Range may, at the option of the Auction Party, be a single percentage, (iv) the date on which the Auction will conclude, on which date Return Bids will be due at the time provided in the Auction Notice (such time, the “Auction Expiration Time”), as such date and time may be extended upon notice by the Auction Party to the auction manager before any prior Auction Expiration Time, and (v) the identity of the auction manager, and shall indicate if such auction manager is an Affiliate of the Parent. Each offer to purchase Loans or Commitments in an Auction shall be offered on a pro rata basis to all the Eligible Auction Lenders.

(B) Reply Procedures. In connection with any Auction, each Eligible Auction Lender may, in its sole discretion, participate in such Auction and, if it elects to do so (any such participating Eligible Auction Lender, a “Participating Lender”), shall provide, prior to the Auction Expiration Time, the auction manager with a notice of participation (the “Return Bid”) which shall be in a form and substance prepared by the Borrower and shall specify (i) a discount to par that must be expressed as a percentage of par principal amount of Loans or Commitments of the relevant Class expressed in percentages (the “Reply Discount”), which must be within the Discount Range, and (ii) a principal amount of Loans or Commitments of the relevant Class, which must be in increments of \$500,000, that such Eligible Auction Lender is willing to offer for sale at its Reply Discount (the “Reply Amount”). An Eligible Auction Lender may avoid the minimum increment amount condition solely when submitting a Reply Amount equal to such Eligible Auction Lender's entire remaining amount of such Loans or Commitments. Eligible Auction Lenders may only submit one Return Bid per Auction but each Return Bid may contain up to three bids, only one of which can result in a Qualifying Bid (as defined below). In addition to the Return Bid, each Participating Lender must execute and deliver, to be irrevocable during the pendency of the Auction and held in escrow by the auction manager, an assignment agreement pursuant to which such Participating Lender shall make the representations and agreements substantially consistent with the terms of Section 2.11(i)(C). Any Eligible Auction Lender that fails to submit a Return Bid at or prior to the Auction Expiration Time shall be deemed to have declined to participate in the Auction.

(C) Acceptance Procedures. Based on the Reply Discounts and Reply Amounts received by the Auction Manager, the auction manager, with the consent of the Auction Party, will, within 10 Business Days of the Auction Notice (or such other time agreed by the Borrower), determine the applicable discount (the “Applicable Discount”) for the Auction, which will be the highest Reply Discount at which the Auction Party can complete the Auction at the Auction Amount; provided that, in the event that the Reply Amounts are insufficient to allow the Auction Party to complete a purchase of the entire Auction Amount, the Auction Party shall either, at its election, (i) withdraw the Auction or (ii) complete the Auction as set forth below. Unless withdrawn, the Auction Party shall notify the Participating Lenders of the Applicable Discount no later than one Business Day after it is determined (the “Applicable Discount Notice”). The Auction Party shall, within three Business Days of the Applicable Discount Notice, purchase Loans or Commitments from each Participating Lender with a Reply Discount that is equal to or higher than the Applicable Discount (“Qualifying Bids”) at a discount to par equal to the Reply Discount of such Participating Lender, with the applicable Loans or Commitments of the Participating Lender(s) with the highest Reply Discount being purchased first and then in descending order from such highest Reply Discount to and including the applicable Loans or Commitments of the Participating Lenders with a Reply Discount equal to the Applicable Discount (the “Applicable Order of Purchase”); provided that if the aggregate proceeds required to purchase all Loans or Commitments of the relevant Class subject to Qualifying Bids would exceed the Auction Amount for such Auction, the Auction Party shall purchase such Loans or Commitments of the Participating Lenders in the Applicable Order of Purchase, but with the Loans or Commitments of Participating Lenders with Reply Discounts equal to the Applicable Discount being purchased pro rata until the Auction Amount has been so expended on such purchases. If a Participating Lender has submitted a Return Bid containing multiple bids at different Reply Discounts, only the bid with the highest Reply Discount that is equal to or more than the Applicable Discount will be deemed the Qualifying Bid of such Participating Lender. In no event shall any purchase of Loans or Commitments in an Auction be made at a Reply Discount lower than the Applicable Discount for such Auction.

(D) Additional Procedures. Once initiated by an Auction Notice, the Auction Party may withdraw or modify an Auction only prior to the delivery of the Applicable Discount Notice (and if any Auction is withdrawn or modified, notice thereof shall be delivered to the Administrative Agent and the Eligible Auction Lenders no later than the first Business Day after such withdrawal). Furthermore, in connection with any Auction, upon submission by a Participating Lender of the relevant Class of a Qualifying Bid, such Lender will be obligated to sell the entirety or its allocable portion of the Reply Amount, as the case may be, at the Applicable Discount.

(E) Any failure by such Loan Party or such Subsidiary to make any prepayment to a Lender, pursuant to this definition shall not constitute a Default or Event of Default under Section 7.01 or otherwise.

“ECF Due Date” has the meaning assigned to such term in Section 2.11(d).

“ECF Prepayment Trigger” has the meaning assigned to such term in Section 2.11(d).

“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 delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which the conditions precedent set forth in Section 9 of Effective Date Amendment shall have been satisfied or waived.

“Effective Date Amendment” means that certain Consent, Waiver and Effective Date Amendment to Existing Credit Agreement, dated as of April 28, 2017, by and among Parent, Holdco, the Borrower, the other Loan Parties party thereto, the Administrative Agent, the Issuing Bank, the Swingline Lender and the Lenders party thereto.

“Effective Date Guarantors” shall have the meaning assigned to such term in the definition of “Specified Representations.”

“Electing Guarantors” any Excluded Subsidiary that, at the option and in the sole discretion of the Borrower, has been designated a Subsidiary Loan Party.

“Eligible Assignee” means (i) any Lender, any Affiliate of any Lender and any Approved Fund of any Lender, and (ii) (A) any commercial bank organized under the laws of the United States or any state thereof (B) any savings and loan association or savings bank organized under the laws of the United States or any state thereof and (C) any commercial bank organized under the laws of any other country or a political subdivision thereof; provided that (1) such bank is acting through a branch or agency located in the United States or (2) such bank is organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development or a political subdivision of such country; and (D) any other entity (other than a natural person) that is an “accredited investor” (as defined in Regulation D under the Securities Act) that extends credit or buys loans as one of its businesses including insurance companies, investment or mutual funds, lease financing companies; and (iii) the Parent and any Subsidiary subject to Section 9.04 or Section 2.11(i) (so long as the Loans and Commitments obtained by the Parent or such Restricted Subsidiary are immediately cancelled); provided that, in any event, Eligible Assignees shall not include (w) any natural person, (x) any Direct Competitor, Disqualified Lender or Excluded Affiliate unless, in each case, consented to in writing by the Borrower (such consent shall be required regardless of whether a Default or Event of Default shall be continuing) or (y) any Defaulting Lender or any Affiliate thereof.

“Eligible Auction Lenders” has the meaning assigned to such term in the definition of “Dutch Auction.”

“EMU Legislation” means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

“Environmental Laws” means all applicable treaties, laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the protection of the environment, the preservation or reclamation of natural resources, the generation, management, Release or threatened Release of, or exposure to, any Hazardous Material or to workplace health and safety matters.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of medical monitoring, costs of environmental remediation or restoration, administrative oversight costs, consultants’ fees, fines, penalties or indemnities), of Holdco or any Restricted Subsidiary directly or indirectly resulting from or based upon (a) any actual or alleged violation of any Environmental Law or permit, license or approval issued thereunder, (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 or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means shares of capital stock or other share capital, partnership interests, membership interests in a limited liability or exempted company, beneficial interests in a trust or other equity ownership interests in a Person, and any option, warrant or other right entitling the holder thereof to purchase or otherwise acquire any such equity interest.

“Equity Investors” means, collectively, (a) the officers, directors, and other members of senior management of the Parent or any of its Restricted Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Equity Interests of the Parent and (b) any existing equity holder of the Company rolled over or invested in the Parent on the Acquisition Closing Date.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Parent, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived), (b) with respect to any Plan, a failure to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived, (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, (d) the incurrence by the Parent or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan, (e) the receipt by the Parent or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan, (f) the incurrence by the Parent or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan or (g) the receipt by the Parent or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Parent or any ERISA Affiliate 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.

“Escrow Borrower” means the “Borrower” as defined in the Escrow Term Loan Agreement.

“Escrow Funding Date” means the date of the initial funding of the term loans under the Escrow Term Loan Agreement.

“Escrow Term Loan Agreement” means the Credit Agreement, dated as of June 21, 2017, by and among Miami Escrow Borrower LLC, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent and escrow agent, pursuant to which the Tranche B-3 Term Loans and the Euro Tranche Term Loans were originally borrowed.

“Escrowed Proceeds” means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term “Escrowed Proceeds” shall include any interest earned on the amounts held in escrow.

“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.

“EURIBO Rate” means, with respect to any Eurocurrency Borrowing denominated in Euro for any Interest Period, the rate per annum equal to the Banking Federation of the European Union EURIBO Rate (“BFEA EURIBOR”), as published by Reuters on page EURIBOR01 of the Reuters screen (or another commercially available source providing quotations of BFEA EURIBOR as designated by the Administrative Agent from time to time) at approximately 10:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for deposits in Euro (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; provided that if such rate is not available at such time for any reason, then the “EURIBO Rate” for such Interest Period shall be the rate per annum reasonably determined by the Administrative Agent to be the rate at which deposits in Euro for delivery on the first day of such Interest Period in same day funds and with a term equivalent to such Interest Period would be offered by the Administrative Agent in the European interbank market at their request at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided, further, that if the EURIBO Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Euro”, “EUR” and “€” mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

“Euro Tranche Term Commitment” means, with respect to each Term Lender with a Euro Tranche Commitment, the commitment of such Term Lender to convert its Euro-denominated term loans under the Escrow Credit Agreement for an equal aggregate principal amount of Euro Tranche Term Loans hereunder on the Effective Date, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Term Lender pursuant to Section 9.04.

“Euro Tranche Term Loan” means the term loans converted into and deemed issued under and outstanding pursuant to this Agreement on the Effective Date, pursuant to Section 2.01(a) (iii) pursuant to the Euro Tranche Term Commitment.

“Euro Tranche B-1 Term Commitment” means, with respect to the Euro Tranche B-1 Term Lender, its commitment to make a Euro Tranche B-1 Term Loan on the First Amendment Effective Date in an amount equal to €600,000,000, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Term Lender pursuant to Section 9.04.

“Euro Tranche B-1 Term Lender” means, JPMorgan Chase Bank, N.A., in its capacity as lender of Euro Tranche B-1 Term Loans hereunder.

“Euro Tranche B-1 Term Loans” means the term loans made and/or converted and deemed made on the First Amendment Effective Date pursuant to Section 2.01(a)(iv).

“Eurocurrency,” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, is bearing interest at a rate determined by reference to the Adjusted Eurocurrency Rate.

“Eurocurrency Borrowing” means a Loan that bears interest at a rate based on the Adjusted Eurocurrency Rate.

“Eurocurrency Rate” means with respect to any Eurocurrency Borrowing for any Interest Period the rate per annum determined by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the commencement of such Interest Period (or, with respect to any Eurocurrency Borrowing in Sterling, on the first day of such Interest Period) by reference to the interest settlement rates for deposits in Dollars or the applicable Alternative Currency as published by Reuters on page LIBOR01 of the Reuters screen (or another commercially available source providing quotations of such rate as designated by the Administrative Agent from time to time) (as set forth by (a) the ICE Benchmark Administration Limited, (b) any successor service or entity that has been authorized by the U.K. Financial Conduct Authority to administer the London Interbank Offered Rate or (c) any service selected by the Administrative Agent that has been nominated by such an entity as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period; provided that for any Eurocurrency Borrowing for any Interest Period in Euros, the rate the Administrative Agent shall reference shall be the EURIBO Rate; provided, further, that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the “Eurocurrency Rate” shall be the interest rate per annum determined by the Administrative Agent (including by reference to any applicable published market data) to be the average of the rates per annum at which deposits in Dollars or applicable Alternative Currencies are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the beginning of such Interest Period; provided, further, that (x) if the Eurocurrency Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement and (y) if the Eurocurrency Rate shall be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of the calculation of the Eurocurrency Rate with respect to the Tranche B-4 Term Loans under this Agreement.

“Eurocurrency Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Eurocurrency Rate for each outstanding Eurocurrency Borrowing shall be adjusted automatically as of the effective date of any change in the Eurocurrency Reserve Percentage.

“Event of Default” has the meaning assigned to such term in Section 7.01.

“Excess Cash Flow” means, for any period, an amount (to the extent positive) equal to the excess of

- (a) the sum, without duplication, of
 - (i) Consolidated Net Income for such period,
 - (ii) an amount equal to the amount of all non-cash charges to the extent deducted in arriving at such Consolidated Net Income, and
 - (iii) decreases in Consolidated Working Capital for such period;
- ~~over~~ (b) the sum, without duplication, of
 - (i) an amount equal to the amount of all non-cash gains and credits included in arriving at such Consolidated Net Income and cash charges of the type referred to in clauses (c), (f), (r) and (s) of Consolidated Net Income, and the expenses and charges of the type referred to in the last paragraph of Consolidated Net Income to the extent not reimbursed during such period, in each case, to the extent not included in arriving at such Consolidated Net Income,

- (ii) without duplication of amounts deducted pursuant to clause (xi) below in prior years, the amount of Capital Expenditures, Capitalized Software Expenditures, acquisitions of intellectual property, capitalized intellectual property development, for retention, recruiting, relocation, severance or signing bonuses and expenses made in cash during such period, except to the extent that such Capital Expenditures, Capitalized Software Expenditures, acquisitions or costs or expenses were financed with the proceeds of Indebtedness of the Parent or the Restricted Subsidiaries (other than Revolving Loans or borrowings under any other revolving credit facility or intercompany loans),
- (iii) the aggregate amount of all principal payments of Indebtedness of the Parent and the Restricted Subsidiaries during such period but excluding (x) all prepayments of Term Loans or Seattle Term Loans (other than, in each case, prepayments pursuant to Section 2.11(c) or Section 2.11(c) of the Seattle Credit Agreement, but solely to the extent that the Disposition in question increased Consolidated Net Income, and not in excess of such increase), (y) all prepayments of Revolving Loans made during such period and (z) any other revolving credit facility to the extent there is not an equivalent permanent reduction in commitments thereunder, and except to the extent financed with the proceeds of other Indebtedness of the Parent or the Restricted Subsidiaries (other than Revolving Loans or borrowings under any other revolving credit facility or intercompany loans),
- (iv) an amount equal to the aggregate net gain on Dispositions by the Parent and the Restricted Subsidiaries during such period (other than Dispositions in the ordinary course of business) to the extent included in arriving at such Consolidated Net Income,
- (v) increases in Consolidated Working Capital for such period,
- (vi) payments by the Parent and the Restricted Subsidiaries during such period in cash in respect of (x) non-current liabilities of the Parent and the Restricted Subsidiaries other than Indebtedness, to the extent not already deducted from Consolidated Net Income or (y) non-cash charges incurred in a prior period,
- (vii) without duplication of amounts deducted pursuant to clause (xi) below in prior fiscal years, the aggregate amount of cash consideration paid by the Parent and the Restricted Subsidiaries (on a consolidated basis) in connection with Investments (including acquisitions and earnout payments) pursuant to Section 6.04 that are not made in the Parent or a wholly owned Restricted Subsidiary made during such period (to the extent permitted to be made hereunder), except to the extent financed with the proceeds of Indebtedness of the Parent or the Restricted Subsidiaries (other than Revolving Loans or intercompany loans),
- (viii) the aggregate amount of Restricted Payments paid to any Person other than the Parent or any Restricted Subsidiary during such period pursuant to Section 6.08 (other than pursuant to Section 6.08(a)(xx) (except by reference to clause (a) of the definition of “Available Amount”)), except to the extent financed with the proceeds of Indebtedness of the Parent or the Restricted Subsidiaries (other than Revolving Loans or borrowings under any other revolving credit facility or intercompany loans),

- (ix) the aggregate amount of expenditures, fees, costs, charges and expenses actually made by the Parent and the Restricted Subsidiaries in cash during such period (including expenditures for the payment of financing fees) to the extent that such expenditures are not deducted in calculating Consolidated Net Income,
- (x) the aggregate amount of any premium, make-whole or penalty payments actually paid in cash by the Parent and the Restricted Subsidiaries during such period that are made in connection with any prepayment of Indebtedness to the extent that such payments are not deducted in calculating Consolidated Net Income,
- (xi) without duplication of amounts deducted from Excess Cash Flow in prior periods, at the option of the Borrower, the aggregate consideration required to be paid in cash by the Parent or any of the Restricted Subsidiaries pursuant to binding contracts (or binding commitments) (the “Contract Consideration”) entered into prior to or during such period or, at the option of the Borrower, after the applicable period and prior to the applicable ECF Due Date (including acquisitions and other Investments), Capital Expenditures, Capitalized Software Expenditures or acquisitions of intellectual property to be consummated or made during the period of four consecutive fiscal quarters of the Parent following the end of such period, provided that to the extent the aggregate amount utilized to finance such acquisitions, Capital Expenditures, Capitalized Software Expenditures or acquisitions of intellectual property during such period of four consecutive fiscal quarters is less than the Contract Consideration, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such period of four consecutive fiscal quarters,
- (xii) the amount of taxes (including penalties and interest) paid in cash or tax reserves set aside or payable in each case in such period to the extent they exceed the amount of tax expense deducted in determining Consolidated Net Income for such period, and
- (xiii) the aggregate amount paid by the Parent and the Restricted Subsidiaries during such period in respect of the Transaction Costs to the extent that such payments are not deducted in calculating Consolidated Net Income.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Rate” means, on any day, for purposes of determining the Dollar Equivalent of any currency, the rate at which such other currency may be exchanged into Dollars at the time of determination on such day on the applicable Bloomberg screen (or another commercially available source providing quotations of such rate as designated by the Administrative Agent from time to time) for such currency (or to the extent applicable, the rate at which Dollars may be exchanged into such other currency). In the event that such rate does not appear on such applicable Bloomberg screen (or another commercially available source providing quotations of such rate as designated by the Administrative Agent from time to time), the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Borrower (or with respect to calculations to be made by the relevant Issuing Bank, such Issuing Bank and the Borrower), or, in the absence of such an agreement, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent (or with respect to calculations to be made by the relevant Issuing Bank, such Issuing Bank) in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about such time as the Administrative Agent (or with respect to calculations to be made by the relevant Issuing Bank, such Issuing Bank) shall elect after determining that such rates shall be the basis for determining the Exchange Rate, on such date for the purchase of Dollars for delivery two Business Days later, provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may (or with respect to calculations to be made by the relevant Issuing Bank, such Issuing Bank) use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

“Excluded Affiliate” means any Affiliates of the Lead Arrangers that are engaged as principals primarily in private equity, mezzanine financing or venture capital or are engaged in the combination of the Company and its subsidiaries with the Parent and its Subsidiaries, including through the provision of advisory services; *provided* that notwithstanding anything to the contrary herein, for purposes of Section 9.12, “Excluded Affiliates” shall not include a limited number of senior employees who are required, in accordance with industry regulations or the Lead Arrangers’ internal policies and procedures to act in a supervisory capacity and the Lead Arrangers’ internal legal, compliance, risk management, credit or investment committee members.

“Excluded Information” has the meaning assigned to such term in Section 2.11(i).

“Excluded Property” means (i) any lease, lease in respect of a Capital Lease Obligation, license, contract, permit, instrument, security or franchise agreement to which such Loan Party is a party or any property subject to a purchase money security interest, or any property governed by any such lease, lease in respect of a Capital Lease Obligation to which such Loan Party is a party and any of its rights or interest thereunder, to the extent, but only to the extent, that a grant of a security interest therein in favor of the Collateral Agent would, under the terms of such lease, lease in respect of a Capital Lease Obligation, license, contract, permit, instrument, security or franchise agreement or purchase money arrangement, be prohibited by or result in a violation of law, rule or regulation or a breach of the terms or a condition of, or constitute a default or forfeiture under, or create a right of termination in favor of or require a consent (other than the consent of any Loan Party and any such consent which has been obtained (it being understood and agreed that no Loan Party or Restricted Subsidiary shall be required to seek any such consent)) of any other party to, such lease, lease in respect of a Capital Lease Obligation, license, contract, permit, instrument, security or franchise agreement or purchase money arrangement (except in the case of a lease in respect of a Capital Lease Obligation or property subject to a Lien permitted pursuant to Sections 6.02(c) (to the extent Liens are of the type described in clause (e) of Section 6.02), (d) or (e), other than to the extent that any such law, rule, regulation, term, prohibition, restriction or condition would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity, and other than receivables and proceeds of any of the foregoing the assignment of which is expressly deemed effective under the UCC or other applicable law notwithstanding such law, rule, regulation, term prohibition or condition); provided that immediately upon the ineffectiveness, lapse or termination of any such law, rule, regulation, term, prohibition, restriction or condition the Collateral shall include, and such Person shall be deemed to have granted a security interest in, all such rights and interests as if such law, rule, regulation, term, prohibition, restriction or condition had never been in effect; (ii) any of the outstanding Equity Interests issued by a Subsidiary that is a CFC or a CFC Holding Company in excess of 65% of the outstanding Equity Interests of any such Subsidiary (and any property of such a CFC or CFC Holding Company); (iii) any Equity Interests or assets of a Person to the extent that, and for so long as such Equity Interests constitute (x) less than 100% of all Equity Interests of such Person, and the Person or Persons holding the remainder of such Equity Interests are not the Parent or Restricted Subsidiaries of the Parent or (y) less than 50% of all Equity Interests of such Person, and the Person or Persons holding the remainder of such Equity Interests are not Loan Parties, (iv) any Equity Interests in and assets of an Unrestricted Subsidiary, an Immaterial Subsidiary, a Captive Insurance Subsidiary or other special purpose entity; (v) (a) any motor vehicles and other assets subject to certificates of title, (b) letter of credit rights to the extent not constituting supporting obligations and with a value of less than \$15,000,000 individually (except to the extent a security interest therein can be perfected by the filing of a UCC financing statement or similar filing in the United Kingdom), and (c) commercial tort claims with a claim value of less than \$15,000,000 individually (except to the extent a security interest therein can be perfected by the filing of a UCC financing statement or similar filing in the United Kingdom); (vi) any “intent-to-use” trademark applications for which a statement of use or an amendment to allege use has not been filed (but only until such statement or amendment is filed), and solely 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, or void, any registration that issues from such intent-to-use application under law; (vii) those assets as to which the Borrower determines (in consultation with the Administrative Agent) that the obtaining a security interest in or perfection thereof could result in an adverse tax consequence to the Borrower, the Parent or any Subsidiary of the Parent; (viii) those assets as to which the Borrower determines (in consultation with the Administrative Agent), that the burden or cost of obtaining a security interest in or perfection thereof are excessive in relation to the benefit to the Lenders of the security to be afforded thereby; (ix) any real property leasehold interests (including any requirement to obtain any landlord waivers, estoppels and consents); (x) except, in each case, to the extent a security interest therein can be perfected by the filing of a UCC financing statement or similar filing in the United Kingdom, cash and cash equivalents, deposit and securities accounts (including securities entitlements and related assets credited thereto) (in each case, other than cash and cash equivalents constituting proceeds of other “Collateral” as to which the perfection of the security interests in such proceeds is accomplished solely by the filing of a UCC financing statement or similar filing in the United Kingdom or automatically without any filing or other action) and any other assets requiring perfection through control agreements or perfection by “control” or notice of such security or acknowledgement of such security; (xi) those assets with respect to which the granting of security interests in such assets would be prohibited by any contract permitted under the terms of this Agreement (not entered into in contemplation thereof with respect to assets that are subject to such contract), applicable law or regulation (other than to the extent that any such law, rule, regulation, term, prohibition or condition would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity, and other than receivables and proceeds of any of the foregoing the assignment of which is expressly deemed effective under the UCC or other applicable law notwithstanding such law, rule, regulation, term, prohibition or condition), or would require governmental or third party (other than any Loan Party) consent, approval, license or authorization or create a right of termination in favor of any Person (other than any Loan Party) party to any such contract (after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law other than proceeds and receivables thereof, the assignment of which is expressly deemed effective under the UCC or other applicable law notwithstanding such prohibition); provided that immediately upon the ineffectiveness, lapse or termination of any such law, rule, regulation, term, prohibition, condition or provision the Collateral shall include, and such Person shall be deemed to have granted a security interest in, all such rights and interests as if such law, rule, regulation, term, prohibition, condition or provision had never been in effect; provided that the exclusions referred to in this clause (xi) shall not include any proceeds of any such assets except to the extent such proceeds constitute Excluded Property; (xii) all owned real property not constituting Material Real Property; (xiii) margin stock; and (xiv) any assets of any Person that are located outside of such Person’s jurisdiction of organization or incorporation that require action under the law of any such jurisdiction to create or perfect a security interest in such assets, including any intellectual property, other than, in each case, with respect to the pledge of the Equity Interests of a Loan Party under the laws of the United States or the United Kingdom. Notwithstanding anything to the contrary, “Excluded Property” shall not include any proceeds, substitutions or replacements of any “Excluded Property” referred to in clauses (i) through (xiv) (unless such proceeds, substitutions or replacements would constitute “Excluded Property” referred to in any of clauses (i) through (xiv)).

“Excluded Subsidiaries” means any Subsidiary of the Parent that is: (a) listed on Schedule 1.02(b) as of the Effective Date and any Restricted Subsidiary of such Subsidiary; (b) (i) a Foreign Subsidiary (other than a UK Subsidiary), (ii) a CFC or a CFC Holding Company or a Domestic Subsidiary or a UK Subsidiary of a CFC or a CFC Holding Company, (iii) a Foreign Subsidiary of a US Loan Party, or (iv) any other Subsidiary with respect to which a guarantee could result in adverse tax consequences to the Borrower, the Parent or any Subsidiary of the Parent (as reasonably determined by the Borrower), (c) a Joint Venture or a Subsidiary that is not otherwise a wholly-owned Restricted Subsidiary (other than with respect to directors’ qualifying or nominee shares); (d) an Immaterial Subsidiary; (e) an Unrestricted Subsidiary; (f) a Captive Insurance Subsidiary or other special purpose entity; (g) not-for-profit Subsidiary; (h) prohibited by applicable Requirement of Law or contractual obligation from guaranteeing or granting Liens to secure any of the Secured Obligations or with respect to which any consent, approval, license or authorization from any Governmental Authority would be required for the provision of any such guaranty (but in the case of such guaranty being prohibited due to a contractual obligation, such contractual obligation shall have been in place at the Effective Date or at the time such Subsidiary became a Restricted Subsidiary and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary); provided that each such Subsidiary shall cease to be an Excluded Subsidiary solely pursuant to this clause (h) if such consent, approval, license or authorization has been obtained; (i) with respect to which the Borrower and the Administrative Agent reasonably agree that the cost or other consequences (including adverse tax consequences) of providing a guaranty of the Secured Obligations outweigh the benefits to the Lenders; (j) a Restricted Subsidiary acquired pursuant to an Acquisition financed with secured Indebtedness permitted to be incurred under Section 6.01 and each Restricted Subsidiary that is a Subsidiary thereof to the extent such secured Indebtedness prohibits such Restricted Subsidiary from becoming a Guarantor; provided that each such Restricted Subsidiary shall cease to be an Excluded Subsidiary solely pursuant to this clause (j) if such secured Indebtedness is repaid or becomes unsecured, if such Restricted Subsidiary ceases to Guarantee such secured Indebtedness or such prohibition no longer exists, as applicable; (k) a Securitization Subsidiary; or (l) a Subsidiary that does not have the legal capacity to provide a guarantee of the Secured Obligations (provided that the lack of such legal capacity does not arise from any action or omission of Borrower or any other Loan Party), in each case other than any Electing Guarantor for so long as such entity is an Electing Guarantor.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty of such Guarantor of, or the grant by such Guarantor of a security interest pursuant to the Security Documents to secure, such Swap Obligation (or any Guaranty thereof) is or becomes illegal or unlawful under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time the Guaranty of such Guarantor or the grant of such security interest would otherwise have become effective with respect to such related Swap Obligation but for such Guarantor’s failure to constitute an “eligible contract participant” (determined after giving effect to Section 1(d) of the Subsidiary Guaranty) at such time.

“Excluded Taxes” means, with respect to any Recipient:

(a) Taxes imposed on or measured by such Recipient’s overall net income or profits, and franchise or capital Taxes imposed in lieu of overall net income or profits Taxes, as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Tax (other than any such connection arising solely from such Recipient having executed, delivered, enforced, become a party to, performed its obligations, received payments, received or perfected a security interest under, and/or engaged in any other transaction pursuant to, any Loan Document);

(b) any branch profits Taxes imposed under Section 884(a) of the Code, or any similar Tax, imposed by any jurisdiction described in clause (a);

(c) any United States federal withholding Taxes that are imposed on a Recipient pursuant to a law enacted or in effect at the time such Recipient becomes a party to this Agreement (or designates a new lending office) except (i) to the extent that such Recipient (or its assignor, if any) was entitled, immediately prior to the designation of a new lending office (or assignment), to receive additional amounts from any Loan Party with respect to such withholding Tax pursuant to Section 2.17 of this Agreement or (ii) if such Recipient is an assignee pursuant to a request by the Borrower under Section 2.19;

(d) any withholding Taxes attributable to a Recipient's failure to comply with Section 2.17(e) or Section 2.17(g), as applicable; and

(e) any Taxes imposed under FATCA.

"Existing Letters of Credit" means each letter of credit or bank guaranty or indemnity previously issued or deemed issued for the account of, or guaranteed by, the Parent or any of the Restricted Subsidiaries that is outstanding on the Effective Date and set forth on Schedule 1.03.

"Extending Lenders" has the meaning set forth in Section 2.24(a)(ii).

"Extended Revolving Commitment" has the meaning set forth in Section 2.24(a)(i).

"Extending Revolving Loan Lender" has the meaning set forth in Section 2.24(a)(i).

"Extended Revolving Loans" has the meaning set forth in Section 2.24(a).

"Extending Term Lender" has the meaning set forth in Section 2.24(a)(ii).

"Extended Term Loans" has the meaning set forth in Section 2.24(a)(ii).

"Extension" has the meaning set forth in Section 2.24(a).

"Extension Amendment" means an amendment to this Agreement in form reasonably satisfactory to the Borrower executed by each of (a) the Parent, Holdco and the Borrower and (b) each Extending Revolving Loan Lender and Extending Term Lender, as the case maybe, in connection with any Extension.

"Extension Offer" has the meaning set forth in Section 2.24(a).

"FATCA" means Sections 1471 through 1474 of the Code as of the Closing Date (or, solely with respect to the Lenders with respect to the Tranche B-3 Term Loans and Euro Tranche Term Loans, the Escrow Funding Date) (or any amended or successor version that is substantively comparable), any current or future Treasury regulations or official administrative interpretations thereof any applicable agreements entered into pursuant to Section 1471(b)(1) of the Code, and any applicable intergovernmental agreements (and related official guidance) with respect to the foregoing.

"FCA" means the UK Financial Conduct Authority.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published on the next succeeding Business Day by the Federal Reserve Bank of New York; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to the next 1/100 of 1%) on such day on such transactions as determined by the Administrative Agent.

“Financial Officer” of any Person means the chief financial officer, vice president of finance, principal accounting officer or treasurer of such Person (or, in the case of any Person that is a Foreign Subsidiary, a director of such Person).

“First Amendment Effective Date” has the meaning assigned to such term in Amendment No. 1.

“First Call Date” means, the date that is 12 months after the First Amendment Effective Date.

“First Lien Indebtedness” means Total Indebtedness that is not subordinated in right of payment to the Initial Term Loans and the Initial Revolving Loans and is secured by a Lien, except by a Lien that is junior to the Lien securing the Obligations. For the avoidance of doubt, First Lien Indebtedness includes, without limitation, any First Lien Senior Secured Notes, the Initial Term Loans and the Initial Revolving Loans.

“First Lien Leverage Ratio” means the ratio, as of the last day of any fiscal quarter, of (i) First Lien Indebtedness as of such day (net of unrestricted cash and Cash Equivalents of the Parent and its Restricted Subsidiaries as of such day) to (ii) Consolidated EBITDA of the Parent and its Restricted Subsidiaries for the period of four consecutive fiscal quarters ending on such date for which financial statements have been furnished pursuant to Section 9 of the Effective Date Amendment or Section 5.01, as applicable.

“First Lien Senior Secured Notes” means Additional Term Notes, Term Loan Exchange Notes, Unrestricted Additional Term Notes or Refinancing Notes, in each case that is not subordinated in right of payment to the Initial Term Loans and the Initial Revolving Loans and is secured by a Lien except by a Lien that is junior to the Lien securing the Obligations.

“Flood Hazard Property” means an Additional Mortgaged Property located in an area designated by the Federal Emergency Management Agency as having special flood or mud slide hazards.

“Foreign Disposition” has the meaning assigned to such term in Section 2.11(f).

“Foreign Plan” means each defined benefit plan (within the meaning of Section 3(35) of ERISA, whether or not subject to ERISA) that is maintained by or for which liability would be incurred by any Loan Party or Restricted Subsidiary on behalf of employees located outside the United States and which is subject to the law of any jurisdiction outside the United States.

“Foreign Prepayment Event” has the meaning assigned to such term in Section 2.11(f).

“Foreign Subsidiary” means any Subsidiary that is organized or incorporated under the laws of a jurisdiction other than the United States of America, any state thereof or the District of

Columbia.

“FSMA” means the UK Financial Services and Markets Act 2000.

“GAAP” means, subject to the limitations set forth in Section 1.04, generally accepted accounting principles in the United States of America as in effect from time to time.

“Governing Body” means the board of directors or other body having the power to direct or cause the direction of the management and policies of a Person that is a corporation, company, partnership, trust, limited liability company, association, Joint Venture or other business entity.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state, county, provincial, local or otherwise, 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).

“Granting Lender” has the meaning assigned to such term in Section 9.04(e).

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term “Guarantee” shall not include (x) endorsements for collection or deposit in the ordinary course of business and (y) standard contractual indemnities or product warranties provided in the ordinary course of business; and provided further that the amount of any Guarantee shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee or, if such Guarantee is not an unconditional guarantee of the entire amount of the primary obligation and such maximum amount is not stated or determinable, the amount of such guaranteeing Person’s maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The term “Guaranteed” has a meaning correlative thereto.

“Guaranties” means Parent Companies Guaranty, the Subsidiary Guaranty and any other guaranty of the Secured Obligations in form and substance reasonably acceptable to the Administrative Agent and the Borrower and each, a “Guaranty.”

“Guarantors” means collectively, all US Loan Parties (other than the Borrower with respect to its Secured Obligations) and all UK Loan Parties, and each, a “Guarantor.”

“Hazardous Materials” means all explosive or radioactive substances, materials or wastes and all hazardous or toxic substances, materials, 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, materials or wastes of any nature regulated pursuant to any Environmental Law.

“Historical Financial Statements” means, collectively, the Micro Focus Historical Financial Statements and the Seattle Historical Financial Statements, and each, an “Historical Financial Statement.”

“Holdco” has the meaning assigned to such term in the preamble to this Agreement.

“Houston” has the meaning assigned to such term in the recitals to this Agreement.

“IFRS” means, subject to the limitations set forth in Section 1.04, the International Financial Reporting Standards as adopted by the European Union, interpreted by the IFRS Interpretations Committee and prepared in accordance with the Companies Act 2006 applicable to companies reporting under IFRS.

“Immaterial Subsidiary” means, at any date of determination, any Restricted Subsidiary of the Parent (other the Borrower and any Subsidiary of the Parent that directly or indirectly owns Equity Interests in the Borrower); provided that (a) for purposes of this Agreement, at no time shall (i) the consolidated total assets of any individual Immaterial Subsidiary or all Immaterial Subsidiaries in the aggregate as of the last day of the then most recent fiscal year of the Parent for which financial statements have been delivered equal or exceed 5.0% individually or 7.5% in the aggregate of the Consolidated Total Assets of the Parent and the Restricted Subsidiaries at such date, determined on a Pro Forma Basis or (ii) the consolidated revenues (other than revenues generated from the sale or license of property between any of the Parent and its Restricted Subsidiaries) of any individual Immaterial Subsidiary or all Immaterial Subsidiaries in the aggregate for the then most recent fiscal year of the Parent for which financial statements have been delivered equal or exceed 5.0% individually or 7.5% in the aggregate of the consolidated revenues (other than revenues generated from the sale or license of property between any of the Parent and its Restricted Subsidiaries) of the Parent and the Restricted Subsidiaries for such period, determined on a Pro Forma Basis and (b) if, as of the date the financial statements for any fiscal year of the Parent are delivered or required to be delivered pursuant to Section 5.01(a), the consolidated assets or revenues of any or all Restricted Subsidiaries so designated by the Borrower as one or more “Immaterial Subsidiaries” shall have, as of the last day of such fiscal year, exceeded the limits set forth in clause (a) above, then within 10 Business Days (or such later date as agreed by the Administrative Agent in its reasonable discretion) after the date such financial statements are so delivered (or so required to be delivered), the Borrower shall redesignate one or more Immaterial Subsidiaries, such that, as a result thereof, the consolidated assets and revenues of any individual Restricted Subsidiary or all Restricted Subsidiaries in the aggregate, as applicable, that are still designated as “Immaterial Subsidiaries” do not exceed such limits. Upon any such Restricted Subsidiary ceasing to be an Immaterial Subsidiary pursuant to the preceding sentence, such Restricted Subsidiary, to the extent not otherwise qualifying as an Excluded Subsidiary, shall comply with Section 5.11, to the extent applicable.

“Incremental Commitment” means, collectively, the Incremental Revolving Commitment and the Incremental Term Commitment.

“Incremental Facility” has the meaning assigned to such term in Section 2.20(a).

“Incremental Facility Amendment” has the meaning assigned to such term in Section 2.20(d).

“Incremental Loans” means, collectively, the Incremental Revolving Loans and the Incremental Term Loans.

“Incremental Revolving Commitment” means, with respect to each Lender, the commitment, if any, of such Lender to make an Incremental Revolving Loan under any Incremental Facility Amendment with respect thereto, expressed as an amount representing the maximum principal amount of the Incremental Revolving Loans to be made by such Lender under such Incremental Facility Amendment, as such commitment may be (a) reduced pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04 or as otherwise set forth herein.

“Incremental Revolving Facility” has the meaning assigned to such term in Section 2.20(a).

“Incremental Revolving Lender” has the meaning assigned to such term in Section 2.20(e).

“Incremental Revolving Loan” means a Loan made under an Incremental Revolving Facility.

“Incremental Term Commitment” means, with respect to each Lender, the commitment, if any, of such Lender to make an Incremental Term Loan under any Incremental Facility Amendment with respect thereto, expressed as an amount representing the maximum principal amount of the Incremental Term Loans to be made by such Lender under such Incremental Facility Amendment, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04 or as otherwise set forth herein.

“Incremental Term Facility” has the meaning assigned to such term in Section 2.20(d).

“Incremental Term Loan” means a Loan made under an Incremental Term Facility.

“Incurrence Incremental First Lien Indebtedness” has the meaning assigned to such term in Section 2.20(a).

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services, (e) all obligations of the type described in clauses (a), (b), (c), (d), (f), (g), (h), (i), (j) or (k) of this definition of “Indebtedness” of others secured by (or for which the holder of such Indebtedness has an existing unconditional right to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed by such Person, (f) all Guarantees by such Person of obligations of the type described in clauses (a), (b), (c), (d), (e), (g), (h), (i), (j) or (k) of this definition of “Indebtedness” of others, (g) the principal component of Capital Lease Obligations of such Person, (h) all reimbursement obligations of such Person as an account party in respect of letters of credit and letters of guaranty (except to the extent such letters of credit, or letters of guaranty relate to trade payables and such outstanding amounts are satisfied within 30 days of incurrence), (i) all reimbursement obligations, of such Person in respect of bankers’ acceptances (except to the extent such bankers’ acceptances relate to trade payables and such outstanding amounts are satisfied within 30 days of incurrence), (j) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Disqualified Equity Interests of such Person to the extent that such purchase, redemption, retirement or other acquisition is required to occur on or prior to the Latest Maturity Date in effect at the time of issuance of such Equity Interests (other than as a result of a Change in Control, asset sale or similar event), and (k) to the extent not otherwise included in this definition, net obligations of such Person under Swap Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement; provided, however, that (A) intercompany Indebtedness and (B) obligations constituting non-recourse Indebtedness shall only constitute “Indebtedness” for purposes of Section 6.01 and not for any other purpose hereunder). The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner to the extent such Person is liable therefor as a result of such Person’s ownership interest in such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Notwithstanding the foregoing, in no event shall the following constitute Indebtedness: (v) amounts owed to dissenting stockholders in connection with, or as a result of, their exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto (including any accrued interest), with respect to the Transactions, (w) trade accounts payable, deferred revenues, liabilities associated with customer prepayments and deposits and any such obligations incurred under ERISA, and other accrued obligations (including transfer pricing), in each case incurred in the ordinary course of business, (x) operating leases, (y) customary obligations under employment agreements and deferred compensation and (z) deferred revenue and deferred tax liabilities. Notwithstanding the foregoing, the term “Indebtedness” shall not include contingent post-closing purchase price adjustments, non-compete or consulting obligations or earn-outs to which the seller in an Acquisition or Investment may become entitled. The amount of Indebtedness of any Person for purposes of clause (e) above shall (unless such Indebtedness has been assumed by such Person) be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

“Indemnified Taxes” means (a) all Taxes other than Excluded Taxes and (b) Other Taxes.

“Indemnatee” has the meaning assigned to such term in Section 9.03(b).

“Indemnified Liabilities” has the meaning assigned to such term in Section 9.03(b).

“Information” has the meaning assigned to such term in Section 9.12.

“Initial Revolving Borrowing” means one or more borrowings of Revolving Loans or issuances or deemed issuances of Letters of Credit on the Effective Date.

“Initial Revolving Commitments” means the Revolving Commitments of the Revolving Lenders as of the Effective Date. The initial aggregate principal of the Lender’s Revolving Commitments on the Effective Date is \$500,000,000.

“Initial Revolving Loan” means a Revolving Loan made by a Lender to Borrower in respect of an Initial Revolving Commitment pursuant to Section 2.01(b).

“Initial Seattle Term Loans” has the meaning specified in the Seattle Credit Agreement.

“Initial Term Commitments” means, collectively, the Tranche B-3 Term Commitment, the Tranche B-4 Term Commitment, the Euro Tranche Term Commitment and the Euro Tranche B-1 Term Commitment.

“Initial Term Loans” means (i) [reserved], (ii) the Tranche B-3 Term Loans, (iii) the Tranche B-4 Term Loans, (iv) the Euro Tranche Term Loans and (v) the Euro Tranche B-1 Term Loans.

“Intellectual Property” has the meaning assigned to such term in the US Collateral Agreement and/or the UK Collateral Agreement, as applicable.

“Intercompany License Agreement” means any cost sharing agreement, commission or royalty agreement, license or sub-license agreement, distribution agreement, services agreement, intellectual property rights transfer agreement or any related agreements, in each case where all the parties to such agreement are one or more of the Parent or a Restricted Subsidiary.

“Interest Election Request” means a request by the Borrower to convert or continue a Revolving Loan Borrowing or Term Loan Borrowing in accordance with Section 2.07.

“Interest Payment Date” means (a) with respect to any ABR Loan (including a Swingline Loan), the last day of each April, July, October and January, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period and (c) with respect to the Tranche B-2 Term Loans, the First Amendment Effective Date.

“Interest Period” means, with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter (or twelve months thereafter or any duration shorter than one month thereafter if, at the time of the Borrowing or conversion or continuation thereof, all Lenders participating therein agree to make an interest period of such duration available), as the Borrower may elect, or, if the Administrative Agent and the Borrower agrees, such other period whose end would coincide with a payment due date on the Term Loans pursuant to Section 2.10 or the payment under Swap Obligations; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the preceding Business Day and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Investment” means (i) any purchase or other acquisition by the Parent or any of the Restricted Subsidiaries of, or of a beneficial interest in, any Equity Interests or Indebtedness of any other Person (including any Subsidiary) and (ii) any loan or advance constituting Indebtedness of such other Person (other than trade or accounts receivable, trade credit, advances to officers, directors, members of management and employees for moving, entertainment and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contribution by the Parent or any of the Restricted Subsidiaries to any other Person (including any Subsidiary); provided that, in the event that any Investment is made by the Parent or any Restricted Subsidiary in any Person through substantially concurrent interim transfers of any amount through any other Restricted Subsidiaries, then such other substantially concurrent interim transfers shall be disregarded for purposes of Section 6.04. The amount of any Investment outstanding as of any time shall be the original cost of such Investment (which, in the case of any Investment constituting the contribution of an asset or property, shall be based on the Parent’s good faith estimate of the fair market value of such asset or property at the time such Investment is made) plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment, less all Returns received by the Parent or any Restricted Subsidiary in respect thereof.

“IRS” means the United States Internal Revenue Service.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Issuing Bank” means, as the context may require, (a) (i) JPMorgan Chase Bank, N.A. and (ii) any other Revolving Lender selected by the Borrower that agrees to be an Issuing Bank, each in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(k), and (b) with respect to each Existing Letter of Credit, any Lender that, or any Lender whose Affiliate, issued such Existing Letter of Credit. Any Issuing Bank may, with the consent of the Borrower, arrange for one or more Letters of Credit to be issued by an Affiliate of such Issuing Bank, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. At any time the Borrower shall have the right to select the applicable Issuing Bank. “Issuing Bank” means, as appropriate, the relevant Issuing Bank or any or all of the Issuing Banks.

“Joint Venture” means a joint venture, joint operation, partnership or similar arrangement, whether in corporate, partnership or other legal form.

“Judgment Currency” has the meaning assigned to such term in Section 9.17.

“Latest Maturity Date” means, at any date of determination, the latest maturity date applicable to any Loan or Commitment hereunder at such time, including the latest maturity date of any Initial Term Loan, Incremental Term Loan, Initial Revolving Commitment, Incremental Revolving Commitment, Initial Revolving Loan, Incremental Revolving Loan, Extended Term Loan, Extended Revolving Commitment, Extended Revolving Loan, Other Term Loan, Other Term Commitment, Other Revolving Loan, any Other Revolving Commitment or any Replacement Term Loan, in each case as extended in accordance with this Agreement from time to time.

“LC Disbursement” means a payment made by the Issuing Bank pursuant to a Letter of Credit. The amount of any LC Disbursement made by the Issuing Bank in Euros or other Alternative Currency and not reimbursed by the Borrower shall be determined as set forth in Section 2.05(e).

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit denominated in Dollars at such time, (b) the Dollar Equivalent of the aggregate undrawn amount of all outstanding Letters of Credit denominated in Euros or other Alternative Currency at such time, (c) the aggregate amount of all LC Disbursements made in Dollars that have not yet been reimbursed by or on behalf of the Borrower at such time and (d) the Dollar Equivalent of the aggregate amount of all LC Disbursements made in Euros or other Alternative Currency that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the aggregate LC Exposure at such time.

“LC Sublimit” means \$75,000,000 as such amount may be modified from time to time in accordance with the terms hereof.

“Lead Arrangers” means (i) JPMorgan Chase Bank, N.A., Barclays Bank PLC, HSBC Securities (USA) Inc., The Royal Bank of Scotland plc and Merrill Lynch, Pierce, Fenner & Smith Incorporated, each in its capacity as a joint lead arranger and as joint bookrunner in respect of the credit facilities provided herein and (ii) the Amendment No. 1 Lead Arrangers. The Lead Arrangers are sometimes also referred to herein as the “Arrangers.”

“Lender Counterparty” means any counterparty to a Secured Swap Agreement or Secured Cash Management Agreement.

“Lenders” means the Persons who are “Lenders” under this Agreement on the Effective Date, any Additional Lenders, any Additional Refinancing Lenders and any other Person that shall have become a party hereto as a Lender pursuant to Section 9.04, other than any such Person that ceases to be a party hereto pursuant to Section 9.04. Unless the context otherwise requires, the term “Lenders” includes the Swingline Lender.

“Letter of Credit” means (a) any standby letter of credit issued pursuant to this Agreement (including each Existing Letter of Credit) or (b) any guarantee, indemnity or other instrument, in each case in a form requested by the Borrower and agreed by the applicable Issuing Bank.

“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 Issuing Bank.

“Letter of Credit Expiration Date” means the day that is five (5) Business Days prior to the Revolving Maturity Date (or, if such day is not a Business Day, the immediately preceding Business Day).

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, charge, assignment by way of security, hypothecation, security interest or similar encumbrance given in the nature of a security interest in, on or of such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital or finance lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

“Limited Condition Transaction” shall mean (i) any acquisition or investments and (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

“Listing Rules” means the latest edition of the “Listing Rules” made by the FCA under Part VI of the FSMA.

“Loan Documents” means this Agreement (including any amendment hereto), each Incremental Facility Amendment, each Refinancing Amendment, the Pari Passu Intercreditor Agreement, the Second Lien Intercreditor Agreement (if any) and the Security Documents.

“Loan Parties” means, collectively, all US Loan Parties and UK Loan Parties, and each individually, a “Loan Party.”

“Loans” means the Term Loans, the Revolving Loans, the Swingline Loans and any other loans made by any Lenders to the Borrower pursuant to this Agreement, any Incremental Facility Amendment, Extension Amendment, any Refinancing Amendment or amendment in respect of Replacement Term Loans.

“Make-Whole Premium” means all required remaining scheduled interest payments that would have otherwise been payable from the date of the date of determination through the First Call Date on the applicable principal amount of Tranche B-4 Term Loans or Euro Tranche B-1 Term Loans being repaid (assuming that the rate of interest will be equal to the rate of interest in effect on the date of notice of prepayment of such Tranche B-4 Term Loans or Euro Tranche B-1 Term Loans, as applicable), other than accrued but unpaid interest to such prepayment date, computed using a discount rate equal to the Treasury Rate plus 50 basis points per annum (in the case of a Loan denominated in Dollars) or the Bund Rate plus 50 basis points per annum (in the case of a Loan denominated in Euro), in each case, discounted on a quarterly basis (assuming a 360 day year and actual days elapsed).

“Margin Stock” has the meaning assigned thereto in Regulation U of the Board.

“Material Adverse Effect” means (a) on the Effective Date, a Seattle Material Adverse Effect or (b) after the Effective Date, a material and adverse effect on (i) the business, results of operations or financial condition of the Parent and its Restricted Subsidiaries, taken as a whole or (ii) the remedies available to the Administrative Agent and the Lenders under the Loan Documents, taken as a whole.

“Material Indebtedness” means any Indebtedness (other than the Loans and Letters of Credit) of the Parent or any Restricted Subsidiary an outstanding principal amount exceeding \$125,000,000 at such time.

“Material Real Property” means any parcel of real property and improvements thereto owned in fee simple by a Loan Party and which has a fair market value (estimated in good faith by the Borrower or such other Loan Party) in excess of \$60,000,000 as of the time such property is acquired (or, (x) if such property is owned by a Person at the time it becomes a Loan Party pursuant to Section 5.11, as of such date and (y) if such Property is owned by a Loan Party as of the Effective Date); provided, however, the term “Material Real Property” shall not include any Excluded Property.

“Material Subsidiary” shall mean, at any date of determination, each Restricted Subsidiary of the Parent that is not an Immaterial Subsidiary.

“Maximum Rate” has the meaning assigned to such term in Section 9.13.

“Merger” has the meaning assigned to such term in the recitals to this Agreement.

“Merger Agreement” has the meaning assigned to such term in the recitals to this Agreement.

“Merger Sub” has the meaning assigned to such term in the recitals to this Agreement.

“Miami Material Adverse Effect” has the meaning specified in the Merger Agreement.

“Micro Focus Historical Financial Statements” means (i) the audited consolidated statement of financial position of the Parent and its subsidiaries as at April 30, 2015 and April 30, 2016, and to the extent the Effective Date is at least 120 days after April 30, 2017, as at April 30, 2017, and the related audited consolidated statements of comprehensive income and cash flows of the Parent and its subsidiaries for the years ended April 30, 2015 and April 30, 2016, and to the extent the Effective Date is at least 120 days after April 30, 2017, for the year ended April 30, 2017 and (ii) the unaudited consolidated statement of financial position of the Parent and its subsidiaries for the six (6) month period of the Parent ended October 31, 2016 or to the extent the Effective Date is at least 45 days after October 31, 2017, October 31, 2017, and the related unaudited consolidated statement of comprehensive income of the Parent and its subsidiaries for the six (6) month period of the Parent then ended.

“Midco” means Micro Focus Midco Limited, a company organized under the laws of England and Wales.

“Minimum Extension Condition” has the meaning set forth in Section 2.24(b).

“Moody’s” means Moody’s Investors Service, Inc.

“Mortgages” means, collectively, the UK Mortgages and the US Mortgages.

“Mortgage Policy” has the meaning assigned to such term in Section 5.11(f).

“Mortgaged Property” means, each parcel of Material Real Property owned by a Loan Party respect to which a Mortgage is granted pursuant to Section 5.11 or Section 5.12.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Nationally Recognized Statistical Rating Organization” means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act.

“Net Proceeds” means, with respect to any event, (a) the cash proceeds received in respect of such event, including (x) in the case of a Disposition of an asset (including pursuant to a Sale Leaseback transaction or a casualty or a condemnation or similar proceeding), any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment or earn-out, but excluding any reasonable interest payments), but only as and when received, (y) in the case of a casualty, cash insurance proceeds, and (z) in the case of a condemnation or similar event, cash condemnation awards and similar payments received in connection therewith, minus (b) the sum of (i) all reasonable fees and expenses (including commissions, discounts, transfer taxes and legal, accounting and other professional and transactional fees) paid or payable by the Parent and the Restricted Subsidiaries to third parties in connection with such event, (ii) in the case of a Disposition of an asset (including pursuant to a Sale Leaseback transaction or a casualty or a condemnation or similar proceeding), the amount of payments made or required to be made in respect of Indebtedness (other than Loans and Seattle Term Loans) secured by such asset or otherwise subject to mandatory prepayment (other than under this Agreement or the Seattle Credit Agreement) as a result of such event, or which by applicable law be repaid out of the proceeds of such Disposition, casualty, condemnation or similar proceeding, (iii) the amount of all Taxes (or Restricted Payments in respect of such Taxes), including as a result of the repatriation of funds, paid (or reasonably estimated to be payable or accrued as a liability under IFRS) by the Parent and the Restricted Subsidiaries or any affiliate thereof as a result of such event, (iv) the amount of any reserves established by the Parent or the applicable Restricted Subsidiaries to fund liabilities estimated to be payable as a result of such event (as determined in good faith by the applicable Responsible Officer of the Parent or such Restricted Subsidiary), (v) in the case of any Disposition or casualty or condemnation or similar proceeding by a non-wholly owned Restricted Subsidiary, the pro rata portion of the Net Proceed thereof (calculated without regard to this clause (v)) attributable to minority interests and not available for distribution to or for the account of the Parent or a wholly owned Restricted Subsidiary as a result thereof and (vi) any funded escrow established pursuant to the documents evidencing any such sale or disposition to secure any indemnification obligations or adjustments to the purchase price associated with any such sale or disposition.

“Non-Consenting Lender” has the meaning assigned to such term in Section 9.02(c).

“Nonrenewal Notice Date” has the meaning specified in Section 2.05(c).

“Note” means a Term Note or a Revolving Note, as the context may require.

“Obligations” means all obligations of every nature of each Loan Party, including obligations from time to time owed to the Administrative Agent, the Collateral Agent, any Arranger, any other Agent, the Issuing Bank, the Swingline Lender, the Lenders or any of them, arising under any Loan Document, whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to such Loan Party, would have accrued on any Obligation, whether or not a claim is allowed against such Loan Party for such interest in the related bankruptcy proceeding), prepayment premiums, reimbursement of amounts drawn under Letters of Credit, fees (including fees and expenses which, but for the filing of a petition in bankruptcy with respect to such Loan Party, would have accrued on any Obligation, whether or not a claim is allowed against such Loan Party for such fees and expenses in the related bankruptcy proceeding), expenses, indemnification or otherwise; provided that for the avoidance of doubt, the “Obligations” of any Loan Party shall not include any Excluded Swap Obligations of such Loan Party.

“OFAC” has the meaning set forth in Section 3.19(a).

“Organizational Documents” of any Person means the charter, constitution, memorandum and articles of association, articles and/or certificate of organization or incorporation and bylaws or other organizational or governing or constitutive documents of such Person.

“Other Applicable Indebtedness” has the meaning assigned to such term in Section 2.11(c).

“Other Revolving Commitments” means, with respect to each Additional Refinancing Lender, the commitment, if any, of such Additional Refinancing Lender to make one or more Classes of Other Revolving Loans under any Refinancing Amendment, expressed as an amount representing the maximum principal amount of the Other Revolving Loans to be made by such Lender under such Refinancing Amendment, as such commitment may be (a) reduced pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04 or as otherwise set forth herein.

“Other Revolving Loans” means the Revolving Loans made pursuant to any Other Revolving Commitment.

“Other Taxes” means any and all present or future recording, stamp, documentary, excise, transfer, sales, property, intangible, filing or similar Taxes, charges or levies arising from any payment made under any Loan Document or from the execution, delivery, performance, registration or enforcement of, or from the registration, receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

“Other Term Commitments” means, with respect to each Additional Refinancing Lender, the commitment, if any, of such Additional Refinancing Lender to make one or more Classes of Other Term Loans under any Refinancing Amendment, expressed as an amount representing the maximum principal amount of the Other Term Loans to be made by such Lender under such Refinancing Amendment, as such commitment may be (a) reduced pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04 or as otherwise set forth herein.

“Other Term Loans” means one or more Classes of Term Loans made pursuant to or that result from a Refinancing Amendment.

“Parent” has the meaning assigned to such term in the preamble to this Agreement.

“Parent Companies Guaranty” means that certain Parent Companies Guaranty dated November 20, 2014 as it may be from time to time amended, restated, amended and restated, supplemented or otherwise modified, among the Parent, Midco and Holdco and the Collateral Agent, together with each supplement to the Parent Companies Guaranty in respect of the Obligations delivered pursuant to Section 5.11.

“Parent Entity” means any holding companies established by any Permitted Holder for purposes of holding its investment in the Parent.

“Pari Passu Intercreditor Agreement” means (i) the Intercreditor Agreement, to be entered into on or after the Acquisition Closing Date (but in any event, on or before the date described on Schedule 5.16 hereof, or such later date as may be agreed to by the Administrative Agent in its reasonable discretion), by and among the Parent, Holdco, the Borrower, the Collateral Agent, the Seattle Agent and the representatives for purposes thereof for holders of one of more classes of Indebtedness and (ii) any other Intercreditor Agreement substantially in the form of Exhibit K-1 (with (A) any immaterial changes and (B) changes implementing extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Borrower, the Administrative Agent and/or Collateral Agent).

“Participant” has the meaning assigned to such term in Section 9.04(c).

“Participant Register” has the meaning specified in Section 9.04(c).

“Participating Member State” means each state so described in any EMU Legislation.

“Participating Lender” has the meaning assigned to such term in the definition of “Dutch Auction.”

“Patriot Act” has the meaning assigned to such term in Section 9.14.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Acquisition” means any Acquisition by the Parent or any Restricted Subsidiary if (a) at the time of execution of a binding agreement in respect of such Acquisition, no Event of Default under Sections 7.01(a), 7.01(b), 7.01(h) or 7.01(i), has occurred and is continuing or would result therefrom, (b) all actions required to be taken with respect to such acquired or newly formed Restricted Subsidiary (other than any Excluded Subsidiary) or such acquired assets (other than Excluded Property) under Section 5.11 and Section 5.12 will be taken in accordance therewith (to the extent required) and (c) after giving effect to such Acquisition, the Parent and its Restricted Subsidiaries are in compliance with Section 5.14.

“Permitted Debt Exchange” has the meaning specified in Section 2.25(a).

“Permitted Debt Exchange Offer” has the meaning specified in Section 2.25(a).

“Permitted Dividend Amount” means, on any date of determination (the “Reference Date”), an amount determined on a cumulative basis equal to (a) an amount (which shall not be less than zero) equal to 50% of “Adjusted Earnings Attributable to Ordinary Shareholders” as reflected in the Alternative Performance Measures section of the Parent’s annual report for the period (taken as one accounting period and calculated in a manner substantially consistent with the calculation thereof in the Parent’s annual report for the fiscal year ended October 31, 2019) from November 1, 2019 to and including the last day of the most recently ended fiscal quarter of the Borrower prior to the Reference Date for which consolidated financial statements of the Borrower are available; minus (b) the aggregate amount of Restricted Payments made using the Permitted Dividend Available Amount pursuant to Section 6.08(c), during the period from and including the Business Day immediately following the First Amendment Effective Date through and including the Reference Date (without taking account of the intended usage of the Permitted Dividend Amount on such Reference Date).

“Permitted Dividend Payment” means the declaration and payment of dividends on the Parent’s Equity Interests not to exceed the Permitted Dividend Amount.

“Permitted Encumbrances” means:

- (a) Liens imposed by law for taxes, assessments or other governmental charges or levies that are not yet due or delinquent, are not more than 60 days overdue, are not required to be paid pursuant to Section 5.05 or are being contested in compliance with Section 5.05;
- (b) carriers’, warehousemen’s, supplier’s, construction contractor’s, workmen, mechanics,’ materialmen’s, repairmen’s, landlords’ and other like Liens imposed by law or contract, arising in the ordinary course of business and securing obligations (i) that are not yet due or (ii) (x) that are not overdue by more than 60 days, (y) are not required to be paid pursuant to Section 5.05 or (z) are being contested in compliance with Section 5.05;
- (c) Liens, pledges and deposits made in the ordinary course of business in compliance with workers’ compensation, unemployment insurance and other social security laws or regulations (and obligations in respect of letters of credit or bank guarantees that have been posted to support payment of the items);
- (d) (i) Liens, pledges and deposits to secure the performance of bids, government contracts, trade contracts (other than for borrowed money), leases, statutory obligations, deductibles, co-payment, co-insurance, retentions, premiums, reimbursement obligations or similar obligations to providers of insurance, self-insurance or reinsurance obligations, surety, stay, customs and appeal or similar bonds, performance bonds and other obligations of a like nature (including those to secure health, safety and environmental obligations) and other similar obligations and (ii) obligations in respect of letters of credit or bank guarantees that have been posted to support payment of the items set forth in clause (i) of this section (d);
- (e) attachment or judgment Liens in respect of judgments or decrees that do not constitute an Event of Default under Section 7.01(j);
- (f) (i) easements, zoning restrictions, rights-of-way, encroachments, minor defects or irregularities in title and similar encumbrances on real property imposed by law or arising in the ordinary course of business and that either (x) individually or in the aggregate do not materially interfere with the ordinary conduct of business of the Parent and its Restricted Subsidiaries, taken as a whole or (y) are described in a mortgage policy of title insurance or survey with respect to any real property and (ii) Liens on real property in Canada that constitute a reservation in any original grant from the Crown;
- (g) customary rights of first refusal and tag, drag and similar rights in Joint Venture agreements;
- (h) Liens arising from Cash Equivalents described in clause (d) of the definition of the term “Cash Equivalents”; and

- (i) with respect to any Foreign Subsidiary, other Liens and privileges arising mandatorily by any Requirement of Law.

“Permitted Holders” means the Equity Investors and their respective Affiliates.

“Permitted First Priority Replacement Debt” means any secured Indebtedness (including any Registered Equivalent Notes) incurred by the Borrower and/or the other Loan Parties in the form of one or more series of senior secured notes or senior secured loans (or revolving commitments in respect thereof, with the revolving commitments deemed loans in the full amount of such commitment); provided that (i) such Indebtedness may only be secured by assets consisting of Collateral on a *pari passu* basis (but without regard to the control of remedies) with the Initial Term Loans and/or Initial Revolving Commitments, (ii) such Indebtedness satisfies the requirements set forth in clauses (w) through (z) of the definition of “Credit Agreement Refinancing Indebtedness,” (iii) such secured notes do not require any scheduled payment of principal or mandatory redemption or redemption at the option of the holders thereof (except for redemptions in respect of asset sales (which may be offered to prepay such notes or loans in accordance with Section 2.11(c)), changes in control or similar events (which may be offered to prepay such notes or loans in accordance with Section 2.11(c)) and AHYDO Catch-Up Payments) prior to the Latest Maturity Date in effect as of the time such secured notes are incurred, and (v) the secured parties thereunder, or a trustee or collateral agent or other Senior Representative on their behalf, shall have become a party to the Pari Passu Intercreditor Agreement or other customary intercreditor agreement with the Administrative Agent and/or Collateral Agent substantially consistent with the terms set forth on Exhibit K-1 annexed hereto together with (A) any immaterial changes and (B) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be *pari passu* with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are *pari passu* with, or junior in priority to, other Liens that are junior to the Liens securing Obligations), which shall be entered into or shall be amended prior to or concurrently with the first issuance of Permitted First Priority Replacement Debt in accordance with the terms thereof to provide for the sharing of the Collateral on a *pari passu* basis among the holders of the Secured Obligations and the holders of such Permitted First Priority Replacement Debt.

“Permitted Refinancing” means modifications, replacements, restructurings, refinancings, refundings, renewals, amendments, restatements or extensions of all or any portion of Indebtedness (including any type of debt facility or debt security); provided that (a) the amount of such Indebtedness is not increased (unless the additional amount is permitted pursuant to another provision of Section 6.01) at the time of such refinancing, refunding, renewal or extension except by an amount equal to the existing unutilized commitments thereunder, accrued but unpaid interest thereon and a reasonable premium paid, and fees and expenses reasonably incurred, in connection with such refinancing, refunding, restructuring, renewal or extension (including any fees and original issue discount incurred in respect of such resulting Indebtedness), (b) the direct and contingent obligors of such Indebtedness shall not be expanded as a result of or in connection with such refinancing, refunding, restructuring, renewal or extension (other than to the extent (i) any such additional obligors are or will become a Loan Party, (ii) none of such obligors on the Indebtedness being modified, replaced, refinanced, refunded, restructured, renewed or extended are Loan Parties or (iii) as otherwise permitted by Section 6.01), (c) to the extent such Indebtedness being so refinanced, refunded, renewed or extended is subordinated in right of payment and/or in right of Lien to any of the Obligations, such refinancing, refunding, renewal or extension is subordinated in right of payment and/or in right of Lien (or, in the case of Lien subordination, not secured) to such Obligations on terms (taken as a whole) at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being so modified, refinanced, refunded, renewed or extended (as determined in good faith by the Borrower) or otherwise reasonably acceptable to the Administrative Agent and (d) other than with respect to Indebtedness under Section 6.01(a)(iv) or (v), such refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of, the Indebtedness being refinanced, refunded, renewed or extended.

“Permitted Sale Leaseback” means any Sale Leaseback with respect to the sale, transfer or Disposition of real property or other property consummated by the Parent or any of its Restricted Subsidiaries after the Effective Date; provided that any such Sale Leaseback that is not between (a) a Loan Party and another Loan Party or (b) a Restricted Subsidiary that is not a Loan Party and another Restricted Subsidiary that is not a Loan Party, must be consummated for fair value as determined at the time of consummation in good faith by the Borrower or such Restricted Subsidiary (which such determination may take into account any retained interest or other Investment of the Borrower or such Restricted Subsidiary in connection with, and any other material economic terms of, such Sale Leaseback).

“Permitted Second Priority Replacement Debt” means secured Indebtedness (including any Registered Equivalent Notes) incurred by the Borrower and/or the other Loan Parties in the form of one or more series of second Lien secured notes or second Lien secured loans (or revolving commitments in respect thereof, with the revolving commitments deemed to be loans in the full amount of such commitments); provided that (i) such Indebtedness may only be secured by assets consisting of Collateral on a second lien basis vis-à-vis the Initial Term Loans and/or Initial Revolving Commitments, (ii) such Indebtedness satisfies the requirements set forth in clauses (w) through (z) of the definition of “Credit Agreement Refinancing Indebtedness”, (iii) to the extent constituting secured notes, such Indebtedness does not require any scheduled payment of principal or mandatory redemption or redemption at the option of the holders thereof (except for redemptions in respect of asset sales, changes in control or similar events and AHYDO Catch-Up Payments) prior to the Latest Maturity Date in effect as of the time such secured notes are incurred, and (iv) a Senior Representative acting on behalf of the holders of such Indebtedness shall have become party to a Second Lien Intercreditor Agreement; provided that if such Indebtedness is the initial Permitted Second Priority Replacement Debt incurred by the applicable Loan Party, then the Parent, the Borrower, Holdco, the Subsidiary Loan Parties, the Collateral Agent and the Senior Representative for such Indebtedness shall have executed and delivered the Second Lien Intercreditor Agreement.

“Permitted Tax Restructuring” means (a) the re-organization and other activities related to the integration of the Foreign Subsidiaries of Serena Software, Inc. as direct or indirect subsidiaries of Micro Focus CHC Limited, (b) the re-organization and other activities related to the partnership formation or integration of the Foreign Subsidiaries of Parent and the Company in connection with the Transactions and (c) any other re-organizations and other activities related to tax planning and re-organization so long as, after giving effect thereto, taken as a whole, the security interests of the Lenders in the Collateral are not materially impaired.

“Permitted Unsecured Replacement Debt” means unsecured Indebtedness (including any Registered Equivalent Notes) incurred by the Borrower and/or the other Loan Parties in the form of one or more series of unsecured notes or loans (or revolving commitments in respect thereof, with the revolving commitments deemed to loans in the full amount of such commitments); provided that (i) such Indebtedness satisfies the requirements set forth in clauses (w) through (z) of the definition of “Credit Agreement Refinancing Indebtedness”, (ii) such Indebtedness (including any guarantee thereof) is not secured by any Lien on any property or assets of the Parent or any Restricted Subsidiary, and (iii) such Indebtedness does not require any scheduled payment of principal or mandatory redemption or redemption at the option of the holders thereof (except for redemptions in respect of asset sales, changes in control or similar events and AHYDO Catch-Up Payments) prior to the Latest Maturity Date in effect as of the time such Indebtedness is incurred.

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

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which Holdco or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Platform” has the meaning assigned to such term in Section 5.01.

“Prepayment Event” means:

(a) any Disposition (including pursuant to a Sale Leaseback transaction and by way of merger or consolidation) of any property or asset of the Parent or any Restricted Subsidiary permitted pursuant to clause (k) or (v) of Section 6.05 resulting in aggregate Net Proceeds exceeding (A) \$30,000,000 in the case of any single transaction or series of related transactions and (B) \$75,000,000 for all such transactions during any fiscal year of the Parent;

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Parent or any Restricted Subsidiary with a fair market value immediately prior to such event equal to or greater than \$30,000,000; or

(c) the incurrence by the Parent or any Restricted Subsidiary of any Indebtedness, other than Indebtedness permitted under Section 6.01 or otherwise permitted by the Required Lenders (other than Credit Agreement Refinancing Indebtedness).

“Prime Rate” means the rate of interest per annum announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City and notified to the Borrower; each change in the Prime Rate shall be effective from and including the date such change is announced as being effective.

“Private Lender” means any Lender other than a Public Lender.

“Proceeds” has the meaning assigned thereto in the UCC.

“Pro Forma Basis” means, with respect to the calculation of the First Lien Leverage Ratio, the Total Leverage Ratio, the amount of Consolidated EBITDA or Consolidated Total Assets or any other financial test or ratio hereunder, for purposes of determining the permissibility of asset sales, prepayments required pursuant to Section 2.11(c) and Section 2.11(d), the Applicable Margin and for any other specified purpose hereunder, and for purposes of determining compliance with the covenant under Section 6.12, in each case as of any date, that such calculation shall give pro forma effect to the Transactions and all Specified Transactions (with any such incurrence of Indebtedness being deemed to be amortized over the applicable testing period in accordance with its terms) (and the application of the proceeds from any such asset sale or debt incurrence) that have occurred during the relevant testing period for which such financial test or ratio is being calculated and during the period immediately following the Applicable Date of Determination therefor and prior to or simultaneously with the event for which the calculation of any such ratio on such date of determination is made, including pro forma adjustments arising out of events which are attributable to the Transactions or the proposed Specified Transaction, including giving effect to those specified in accordance with the definition of “Consolidated EBITDA,” in each case as certified on behalf of the Borrower by a Financial Officer of the Borrower, using, for purposes of determining such financial test or ratio (including any incurrence test), the historical financial statements of all entities, divisions or lines or assets so acquired or sold and the consolidated financial statements of the Parent and/or any of its Restricted Subsidiaries, calculated as if the Transactions or such Specified Transaction, and all other Specified Transactions that have been consummated during the relevant period, and any Indebtedness incurred or repaid in connection therewith, had been consummated (and the change in Consolidated EBITDA resulting therefrom) and incurred or repaid at the beginning of such period and Consolidated Total Assets shall be calculated after giving effect thereto.

Whenever pro forma effect is to be given to the Transactions or a Specified Transaction, the pro forma calculations shall be made in good faith by a Financial Officer of the Borrower (including adjustments for costs and charges arising out of the Transactions or the proposed Specified Transaction and the “run-rate” cost savings, operating expense reductions, other operating improvements and initiatives and synergies resulting from the Transactions or such Specified Transaction that have been or are reasonably anticipated to be realizable (“run-rate” means the full recurring benefit for a test period that is associated with any action taken or expected to be taken or for which a plan for realization has been established (including any savings expected to result from the elimination of a public target’s compliance costs with public company requirements), net of the amount of actual benefits realized during such test period from such actions), and any such adjustments included in the initial pro forma calculations shall continue to apply to subsequent calculations of such financial ratios or tests, including during any subsequent test periods in which the effects thereof are expected to be realizable); provided that (i) such amounts are projected by the Borrower in good faith to result from actions either taken or expected to be taken or a plan for realization shall have been established within 18 months after the end of the test period in which the Transactions or the Specified Transaction occurred and, in each case, certified by a Financial Officer of the Borrower and (ii) no amounts shall be added pursuant to this paragraph to the extent duplicative of any amounts that are otherwise added back in computing Consolidated EBITDA for such test period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of the event for which the calculation is made had been the applicable rate for the entire test period (taking into account any interest hedging arrangements applicable to such Indebtedness). Interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a Financial Officer of the Borrower to be the rate of interest implicit in such Capital Lease Obligation in accordance with IFRS. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Borrower or the applicable Restricted Subsidiary may designate.

“Projections” has the meaning assigned to such term in Section 5.01(d).

“Proposed Change” has the meaning assigned to such term in Section 9.02(c).

“Public Lender” has the meaning assigned to such term in Section 5.01.

“Qualified Equity Interests” means any Equity Interests other than Disqualified Equity Interests.

“Qualified Securitization Financing” means any Securitization Facility of a Securitization Subsidiary that meets the following conditions: (i) the Borrower shall have determined in good faith that such Securitization Facility (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Parent and its Restricted Subsidiaries; (ii) all sales of Securitization Assets and related assets by the Parent or any Restricted Subsidiary to the Securitization Subsidiary or any other Person are made at fair market value (as determined in good faith by the Borrower); (iii) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Borrower) and may include Standard Securitization Undertakings; and (iv) the obligations under such Securitization Facility are non-recourse (except for customary representations, warranties, covenants and indemnities made in connection with such facilities) to the Parent or any of its Restricted Subsidiaries (other than a Securitization Subsidiary).

“Qualifying Bids” has the meaning assigned to such term in the definition of “Dutch Auction.”

“Receivables Assets” means (a) any trade or accounts receivable owed to the Parent or a Restricted Subsidiary subject to a Receivables Facility and the proceeds thereof and (b) all collateral securing such trade or accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such trade or accounts receivable, all records with respect to such trade or accounts receivable and any other assets customarily transferred together with trade or accounts receivables in connection with a non-recourse trade or accounts receivable factoring arrangement and which are sold, conveyed, assigned or otherwise transferred or pledged by the Borrower to a commercial bank or an Affiliate thereof in connection with a Receivables Facility.

“Receivables Facility” means an arrangement between the Parent or a Restricted Subsidiary and a commercial bank or an Affiliate thereof pursuant to which (a) the Parent or such Restricted Subsidiary, as applicable, sells (directly or indirectly) to such commercial bank (or such Affiliate) trade or accounts receivable owing by customers, together with Receivables Assets related thereto, at a maximum discount, for each such trade or accounts receivable, not to exceed 5.0% of the face value thereof, (b) the obligations of the Parent or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Securitization Repurchase Obligations) to the Parent and such Restricted Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Parent) and may include Standard Securitization Undertakings, and shall include any guaranty in respect of such arrangement.

“Recipient” means, as applicable, (a) the Administrative Agent, (b) any Lender, (c) any Issuing Bank or (d) solely for U.S. federal withholding Tax purposes, any Beneficial Owner.

“Redemption Notice” has the meaning assigned to such term in Section 6.08(b)(viii).

“Refinanced Term Loans” has the meaning assigned to such term in Section 9.02(d).

“Refinancing Amendment” means an amendment to this Agreement in form reasonably satisfactory to the Borrower executed by each of (a) the Parent, Holdco and the Borrower (and to the extent it directly and adversely affects the rights or obligations of the Administrative Agent beyond those of the type already required to perform under the Loan Documents, the Administrative Agent) and (b) each Additional Refinancing Lender that agrees to provide any portion of the Credit Agreement Refinancing Indebtedness being incurred pursuant thereto, in accordance with Section 2.21. In the event a Refinancing Amendment is effected without the consent of the Administrative Agent and to which the Administrative Agent is not a party, the Borrower shall furnish a copy of such Refinancing Amendment to the Administrative Agent.

“Refinancing Notes” means Permitted First Priority Replacement Debt, Permitted Second Priority Replacement Debt and Permitted Unsecured Replacement Debt.

“Register” has the meaning assigned to such term in Section 9.04(b)(iv).

“Registered Equivalent Notes” means, with respect to any notes originally issued in a Rule 144A or other private placement transaction under the Securities Act, substantially identical notes (having the same guarantees) issued in a dollar-for-dollar exchange therefor pursuant to an exchange offer registered with the SEC.

“Regulatory Information Service” means a service approved by the FCA under the Listing Rules for the distribution to the public of announcements in accordance with the Listing Rules.

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

“Related Taxes” means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (provided such Taxes are in fact paid) by any Parent Entity by virtue of its:

- (a) being organized or having Equity Interests outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Parent or any Restricted Subsidiary);
- (b) being a holding company parent, directly or indirectly, of the Parent or any Restricted Subsidiary;
- (c) receiving dividends from or other distributions in respect of the Equity Interests of, directly or indirectly, the Parent or any Restricted Subsidiary; or
- (d) having made any payment in respect to any of the items for which the Parent is permitted to make payments to any Parent Entity pursuant to Section 6.08; or
- (e) having made any payment in respect to any of the items for which the Parent is permitted to make payments to any Parent Entity or an Affiliate pursuant to Section 2.11(f).

“Release” means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment (including ambient air, surface water, groundwater, land surface or subsurface strata).

“Replacement Term Loans” has the meaning assigned to such term in Section 9.02(d).

“Reply Amount” has the meaning assigned to such term in the definition of “Dutch Auction.”

“Reply Discount” has the meaning assigned to such term in the definition of “Dutch Auction.”

“Repricing Transaction” means any repayment, prepayment, refinancing or replacement of all or a portion of the Tranche B-4 Term Loans or the Euro Tranche B-1 Term Loans with the substantially concurrent incurrence by the Borrower of any first Lien secured bank-syndicated term loans denominated in the same currency and incurred for the primary purpose of repaying, refinancing, substituting or replacing such Class of Tranche B-4 Term Loans or Euro Tranche B-1 Term Loans (other than in connection with (x) a Change in Control, (y) an Acquisition or other transaction not otherwise permitted hereunder or (z) an acquisition which, if consummated, would not provide the Parent and its Subsidiaries with adequate flexibility under this Agreement for the continuation and/or expansion of their combined operations following such consummation, as determined by the Borrower in good faith), as applicable, with an effective Yield that is less than the Yield of the Tranche B-4 Term Loans or the Euro Tranche B-1 Term Loans, as applicable, being repaid, refinanced, substituted or replaced, including as may be effected by an amendment of any provisions of this Agreement relating to the Applicable Margin or Alternate Base Rate or Adjusted Eurocurrency Rate “floors” for, or Yield of, the Tranche B-4 Term Loans or the Euro Tranche B-1 Term Loans.

“Required First Amendment Refinancing Term Loan Lenders” means, with respect to any waiver, amendment or modification of Section 6.08(c), Lenders (other than Defaulting Lenders) having outstanding Tranche B-4 Term Loans and Euro Tranche B-1 Term Loans and representing more than 50% of the aggregate outstanding Tranche B-4 Term Loans and Euro Tranche B-1 Term Loans at such time (calculated, in each case, using the Exchange Rate in effect on the applicable date of determination). No Defaulting Lender shall be included in the calculation of Required First Amendment Refinancing Term Loan Lenders.

“Required Lenders” means, (a) at any time prior to the Acquisition Closing Date, Lenders (other than Defaulting Lenders) having Revolving Exposures, outstanding Term Loans and unused Commitments (other than Swingline Commitments) representing more than 50% of the aggregate Revolving Exposures, outstanding Term Loans and unused Commitments (other than Swingline Commitments) at such time (calculated, in each case, using the Exchange Rate in effect on the applicable date of determination) and (b) at any time thereafter, (i) with respect to any waiver, amendment or modification that (x) would apply to a provision that is contained (and substantially identical) in both this Agreement and the Seattle Credit Agreement (or relates to or is otherwise in connection with Revolving Loans, Revolving Commitments, Swingline Loans or Letters of Credit which, in each case, is not required to be approved by the Required Revolving Lenders) and (y) other than in connection with Revolving Loans, Revolving Commitments, Swingline Loans or Letters of Credit, for which the Borrower is seeking a waiver, amendment or modification of such provision in both this Agreement and the Seattle Credit Agreement, Lenders (other than Defaulting Lenders) and Seattle Lenders (other than Defaulting Seattle Lenders collectively), having Revolving Exposures, outstanding Term Loans and Seattle Term Loans and unused Commitments (other than Swingline Commitments) and Seattle Commitments representing more than 50% of the aggregate Revolving Exposures, outstanding Term Loans and Seattle Term Loans and unused Commitments (other than Swingline Commitments) and Seattle Commitments at such time (calculated, in each case, using the Exchange Rate in effect on the applicable date of determination) and (ii) with respect to any waiver, amendment or modification to which the foregoing clause (i) does not apply, Lenders (other than Defaulting Lenders) having Revolving Exposures, outstanding Term Loans and unused Commitments (other than Swingline Commitments) representing more than 50% of the aggregate Revolving Exposures, outstanding Term Loans and unused Commitments (other than Swingline Commitments) at such time (calculated, in each case, using the Exchange Rate in effect on the applicable date of determination). No Defaulting Lender or Defaulting Seattle Lender shall be included in the calculation of Required Lenders.

“Required Percentage” means, with respect to any fiscal year of the Parent, (a) 50%, if the First Lien Leverage Ratio at the end of such fiscal year is greater than 3.30 to 1.00, (b) 25%, if the First Lien Leverage Ratio at the end of such fiscal year is less than or equal to 3.30 to 1.00 but greater than 3.00 to 1.00 and (c) 0%, if the First Lien Leverage Ratio at the end of such fiscal year is less than or equal to 3.00 to 1.00 (in each case, such First Lien Leverage Ratio to be calculated on a Pro Forma Basis to give pro forma effect to any reduction of Indebtedness made after the relevant fiscal year and on or prior to the date the relevant Excess Cash Flow prepayment is due).

“Required Revolving Lenders” means, at any time, Revolving Lenders (other than Defaulting Lenders) having Revolving Exposures and unused Revolving Commitments (other than Swingline Commitments) representing more than 50% of the aggregate Revolving Exposures and unused Revolving Commitments (other than Swingline Commitments) at such time (calculated, in each case, using the Exchange Rate in effect on the applicable date of determination). No Defaulting Lender shall be included in the calculation of Required Revolving Lenders.

“Requirement of Law” means, with respect to any Person, any statute, law, treaty, rule, regulation, order, executive order, ordinance, decree, writ, injunction or determination of any arbitrator or court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” of any Person means the chief executive officer, president or any Financial Officer of such Person, and any other officer (or, in the case of any such Person that is a Foreign Subsidiary, director or managing partner or similar official) of such Person with responsibility for the administration of the obligations of such Person under this Agreement and, solely for purposes of notices given 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.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Parent or any Restricted Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in the Parent or any Restricted Subsidiary, or any option, warrant or other right to acquire any such Equity Interests in the Parent or any Restricted Subsidiary, other than the payment of compensation in the ordinary course of business to holders of any such Equity Interests who are employees of the Parent or any Restricted Subsidiary and other than payments of intercompany indebtedness permitted under this Agreement.

“Restricted Subsidiary” means any Subsidiary other than an Unrestricted Subsidiary. Unless otherwise specified, all references herein to a “Restricted Subsidiary” or to “Restricted Subsidiaries” shall refer to a Restricted Subsidiary or Restricted Subsidiaries of the Parent. For the avoidance of doubt, the Borrower shall always constitute a Restricted Subsidiary.

“Retained Asset Sale Proceeds” has the meaning set forth in Section 2.11(c).

“Retained Declined Proceeds” has the meaning set forth in Section 2.11(g).

“Return” means, with respect to any Investment, any dividend, distribution, interest, fee, premium, return of capital, repayment of principal, income, profit (from a disposition or otherwise) and any other amount received or realized in respect thereof.

“Return Bid” has the meaning assigned to such term in the definition of “Dutch Auction.”

“Return of Value Payment” has the meaning assigned to such term in the recitals to this Agreement.

“Revolving Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Revolving Commitments.

“Revolving Commitment” means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum principal aggregate amount of such Lender’s Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04 or as otherwise set forth herein. The initial amount of each Lender’s Revolving Commitment is set forth on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Revolving Commitment, as the case may be. References to the “Revolving Commitments” shall mean the Revolving Commitment of each Lender taken together. As of the Effective Date, the Revolving Commitments consist solely of the Initial Revolving Commitments.

“Revolving Exposure” means, at any time, the sum of (a) the aggregate principal amount of the Revolving Loans denominated in Dollars outstanding at such time, (b) the Dollar Equivalent of the aggregate principal amount of the Revolving Loans denominated in Euros or other Alternative Currency outstanding at such time, (c) the LC Exposure at such time and (d) the Swingline Exposure at such time. The Revolving Exposure of any Lender at any time shall be its Applicable Percentage of the Revolving Exposure at such time.

“Revolving Lender” means a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

“Revolving Loan” means an Initial Revolving Loan, an Extended Revolving Loan, an Incremental Revolving Loan and/or an Other Revolving Loan, as the context requires.

“Revolving Maturity Date” means (a) prior to the Acquisition Closing Date, November 20, 2019 (or if such anniversary is not a Business Day, the next preceding Business Day) and (b) on and after the Acquisition Closing Date, the fifth anniversary of the Effective Date (or if such anniversary is not a Business Day, the next preceding Business Day), but, as to any specific Revolving Commitment, as the maturity of such Revolving Commitment shall have been extended by the holder thereof in accordance with the terms hereof.

“Revolving Note” means a promissory note of the Borrower evidencing Revolving Loans made or held by a Revolving Lender, substantially in the form of Exhibit F-4.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC Business.

“Sale Leaseback” means any transaction or series of related transactions pursuant to which the Parent or any of the Restricted Subsidiaries (a) sells, transfers or otherwise disposes of any property, real or personal, whether now owned or hereafter acquired, and (b) as part of such transaction, thereafter rents or leases such property that it intends to use for substantially the same purpose or purposes as the property being sold, transferred or disposed.

“Sanctions” means economic sanctions administered or enforced by the United States Government (including without limitation, sanctions enforced by OFAC), the United Nations Security Council, the European Union or Her Majesty’s Treasury.

“Seattle Acquisition” has the meaning assigned to such term in the recitals to this Agreement.

“Seattle Additional Debt” means the “Additional Debt” as defined in the Seattle Credit Agreement.

“Seattle Additional Term Notes” means the “Additional Term Notes” as defined in the Seattle Credit Agreement.

“Seattle Agent” means JPMorgan Chase Bank, N.A., as administrative agent and collateral agent under the Seattle Credit Agreement and the other Seattle Loan Documents, and its successors in such capacity as provided under the Seattle Credit Agreement.

“Seattle Business” has the meaning specified in the Merger Agreement.

“Seattle Commitments” means “Commitments” as defined in the Seattle Credit Agreement.

“Seattle Extension Amendment” means an “Extension Amendment” as defined in the Seattle Credit Agreement.

“Seattle Credit Agreement” means the Credit Agreement, dated as of the date hereof, by and among the Company, the Seattle Lenders and the Seattle Agent.

“Seattle Credit Agreement Refinancing Indebtedness” means the “Credit Agreement Refinancing” as defined in the Seattle Credit Agreement.

“Seattle Escrow Term Loan Agreement” means the “Escrow Term Loan Agreement” as defined in the Seattle Credit Agreement.

“Seattle Extended Term Loans” means “Extended Term Loans” as defined in the Seattle Credit Agreement.

“Seattle Historical Financial Statements” means (i) the audited combined financial statements of the Seattle Business prepared in accordance with GAAP consistently applied, including the combined balance sheets of the Seattle Business as of October 31, 2013, October 31, 2014 and October 31, 2015, and the combined statements of income, equity and cash flows of the Seattle Business for the fiscal years ended October 31, 2013, October 31, 2014 and October 31, 2015, (ii) the unaudited combined financial statements of the Seattle Business prepared in accordance with IFRS consistently applied, including the combined balance sheets of the Seattle Business as of October 31, 2013, October 31, 2014 and October 31, 2015, and the combined statements of income, equity and cash flows of the Seattle Business for the fiscal years ended October 31, 2013, October 31, 2014 and October 31, 2015, (iii) to the extent the Effective Date has not occurred prior to May 30, 2017, the audited combined balance sheets of the Seattle Business as of October 31, 2014, October 31, 2015 and October 31, 2016 and the audited combined statements of income, equity and cash flows of the Seattle Business for the fiscal years ended October 31, 2014, October 31, 2015 and October 31, 2016, prepared in accordance with both GAAP and IFRS, (iv) to the extent the Effective Date has not occurred prior to May 30, 2017, the unaudited combined balance sheets of the Seattle Business as of January 31, 2017 and the combined statements of income, equity and cash flows of the Seattle Business for the three months ended January 31, 2016 and January 31, 2017, prepared in accordance with GAAP, (v) to the extent the Effective Date has not occurred prior to August 15, 2017, the unaudited combined balance sheets of the Seattle Business as of April 30, 2017 and the combined statements of income, equity and cash flows of the Seattle Business for the six months ended April 30, 2016 and April 30, 2017, prepared in accordance with both GAAP and IFRS, (vi) for each fiscal quarter (other than a fiscal quarter that is also a fiscal year end) of the Seattle Business ended after May 1, 2017 and at least 90 days prior to the Effective Date (or 105 days in the case of such financial statements prepared in accordance with IFRS), the unaudited pre-tax combined statements of income, equity and cash flows for each such fiscal quarter and the unaudited pretax combined balance sheets as of the end of such fiscal quarter, in each case prepared in accordance with GAAP and IFRS and (vii) for each fiscal year of the Seattle Business ended after November 1, 2016 and at least 120 days prior to the Effective Date, the audited combined statements of income, equity and cash flows for the Seattle Business for such fiscal year and the audited combined balance sheets as of the end of such fiscal year, in each case prepared in accordance with GAAP and IFRS.

“Seattle Incremental Facility Amendment” means an “Incremental Facility Amendment” as defined in the Seattle Credit Agreement.

“Seattle Incremental Term Loans” means the “Incremental Term Loans” as defined in the Seattle Credit Agreement.

“Seattle Lenders” means the Persons who are “Lenders” under and as defined in the Seattle Credit Agreement from time to time.

“Seattle Loan Documents” means the “Loan Documents” as defined in the Seattle Credit Agreement.

“Seattle Material Adverse Effect” has the meaning specified in the Merger Agreement.

“Seattle Parent” has the meaning specified in the Merger Agreement.

“Seattle Payment” means the “Seattle Payment” as defined in the Seattle Credit Agreement.

“Seattle Refinancing Amendment” means a “Refinancing Amendment” as defined in the Seattle Credit Agreement.

“Seattle Refinancing Notes” means “Refinancing Notes” as defined in the Seattle Credit Agreement.

“Seattle Replacement Term Loans” means “Replacement Term Loans” as defined in the Seattle Credit Agreement.

“Seattle Term Loans” means the “Term Loans” as defined in the Seattle Credit Agreement.

“Seattle Term Loan Exchange Notes” means “Term Loan Exchange Notes” as defined in the Seattle Credit Agreement.

“Seattle Transaction Costs” means the “Transaction Costs” under and as defined in the Seattle Credit Agreement.

“Seattle Unrestricted Additional Debt” means indebtedness incurred under Section 6.01(a)(xxxii)(a)(1) of the Seattle Credit Agreement.

“Seattle Unrestricted Additional Term Notes” means “Unrestricted Additional Term Notes” as defined in the Seattle Credit Agreement.

“Seattle Unrestricted Incremental First Lien Indebtedness” means “Unrestricted Incremental First Lien Indebtedness” as defined in the Seattle Credit Agreement.

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

“Second Lien Intercreditor Agreement” means a “junior lien” intercreditor agreement among the Administrative Agent and/or Collateral Agent, the Borrower and one or more Senior Representatives for holders of Indebtedness substantially consistent with the terms set forth on Exhibit K-2 annexed hereto together with (A) any immaterial changes and (B) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be pari passu with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are pari passu with, or junior in priority to, other Liens that are junior to the Liens securing the Obligations).

“Secured Cash Management Agreement” means any Cash Management Agreement that (a) is in effect on the Effective Date between the Parent and/or any Restricted Subsidiary and a counterparty that is any Agent or a Lender or an Affiliate of any Agent or a Lender as of the Effective Date, (b) is between the Parent and/or any Restricted Subsidiary and a counterparty that is any Agent or a Lender or an Affiliate of any Agent or a Lender (regardless of whether entered into before or after the Effective Date) or (c) is entered into after the Effective Date by the Parent and/or any Restricted Subsidiary with any counterparty that is an Agent or a Lender or an Affiliate of any Agent or a Lender at the time such arrangement is entered into, and in the case of each of clauses (a), (b) and (c) hereof, the Borrower designates in writing to the Administrative Agent that such Cash Management Agreement shall be a Secured Cash Management Agreement.

“Secured Cash Management Obligations” means all Cash Management Obligations under any Secured Cash Management Agreement.

“Secured Obligations” means, collectively, (a) the Obligations, (b) the Secured Swap Obligations and (c) the Secured Cash Management Obligations.

“Secured Parties” means, collectively, the Administrative Agent, the Collateral Agent, any Arranger, any other Agent, the Issuing Bank, the Swingline Lender, the Lenders and the Lender Counterparties.

“Secured Swap Agreements” means any Swap Agreement permitted under this Agreement that (a) is in effect on the Effective Date between the Parent and/or any Restricted Subsidiary and a counterparty that is an Agent or a Lender or an Affiliate of an Agent or a Lender as of the Effective Date, (b) is between the Parent and/or any Restricted Subsidiary and a counterparty that is any Agent or a Lender or an Affiliate of any Agent or a Lender (regardless of whether entered into before or after the Effective Date) or (c) is entered into after the Effective Date by the Parent and/or any Restricted Subsidiary with any counterparty that is an Agent or a Lender or an Affiliate of an Agent or a Lender at the time such Swap Agreement is entered into, and in the case of each of clauses (a), (b) and (c) hereof, the Borrower designates in writing to the Administrative Agent that such Swap Agreement shall be a Secured Swap Agreement; provided that the “Secured Swap Obligations” of any Loan Party shall exclude any Excluded Swap Obligations of such Loan Party.

“Secured Swap Obligations” means all Swap Obligations under any Secured Swap Agreement.

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

“Securitization Asset” means (a) any trade or accounts receivables or related assets and the proceeds thereof, in each case subject to a Securitization Facility and (b) all collateral securing such receivable or asset, all contracts and contract rights, guaranties or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other assets customarily transferred (or in respect of which security interests are customarily granted), together with accounts or assets in a securitization financing and which in the case of clause (a) and (b) above are sold, conveyed, assigned or otherwise transferred or pledged by the Parent or any Restricted Subsidiary in connection with a Qualified Securitization Financing.

“Securitization Facility” means any transaction or series of securitization financings that may be entered into by the Parent or any of its Restricted Subsidiaries pursuant to which the Parent or any of its Restricted Subsidiaries may sell, convey or otherwise transfer, or may grant a security interest in, Securitization Assets to either (a) a Person that is not a Restricted Subsidiary or (b) a Securitization Subsidiary that in turn sells such Securitization Assets to a Person that is not a Restricted Subsidiary, or may grant a security interest in, any Securitization Assets of the Parent or any of its Subsidiaries.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or participation interest therein issued or sold in connection with, and other fees and expenses (including reasonable fees and expenses of legal counsel) paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Securitization Financing or a Receivables Facility.

“Securitization Repurchase Obligation” means any obligation of a seller (or any guaranty of such obligation) of Securitization Assets or Receivables Assets in a Qualified Securitization Financing or a Receivables Facility to repurchase Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including, without limitation, as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

“Securitization Subsidiary” means any Subsidiary of the Parent in each case formed for the purpose of and that solely engages in one or more Qualified Securitization Financings and other activities reasonably related thereto or another Person formed for the purposes of engaging in a Qualified Securitization Financing in which the Parent or any Subsidiary of the Parent makes an Investment and to which the Parent or any Subsidiary of the Parent transfers Securitization Assets and related assets.

“Security Documents” means collectively, the US Security Documents and the UK Security Documents, the Mortgages (if any) and each other security agreement or other instrument or document executed and delivered pursuant to Section 5.11, Section 5.12 or Section 5.16 to secure the Secured Obligations.

“Senior Representative” means, with respect to any series of Indebtedness, the trustee, administrative agent, collateral agent, security agent or similar agent under the indenture or agreement pursuant to which such Indebtedness is issued, incurred or otherwise obtained, as the case may be, and each of their successors in such capacities.

“Separation Agreement” has the meaning specified in the Merger Agreement.

“Software” means any and all computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code; databases and compilations, including any and all data and collections of data, whether machine readable or otherwise; descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons; and all documentation including user manuals and other training documentation related to any of the foregoing.

“Solvent” means, with respect to the Parent and its Subsidiaries, on a consolidated basis, that as of the date of determination: (a) the fair value of the assets (on a going concern basis) of the Parent and its Subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property (on a going concern basis) of the Parent and its Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured in the ordinary course of business; (c) the Parent and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such liabilities become absolute and matured in the ordinary course of business; and (d) the Parent and its Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business contemplated as of the date hereof for which they have unreasonably small capital. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

“Solvency Certificate” means the solvency certificate executed and delivered by a Financial Officer of the Parent on the Effective Date, substantially in the form of Exhibit C.

“Specified Merger Agreement Representations” means the representations made by Houston and its subsidiaries in the Merger Agreement that are material to the interests of the Lenders, but only to the extent that the Parent (or any of its Affiliates) has the right to terminate its obligations under the Merger Agreement or to refuse to consummate the Merger Agreement as a result of a breach of such representations in the Merger Agreement.

“Specified Representations” means the representations and warranties made by the Borrower and, to the extent applicable, any Guarantor providing a guarantee on of the Effective Date (the “Effective Date Guarantors”), with respect to the Borrower and the Effective Date Guarantors, as applicable, set forth in Sections 3.01(a) and (b)(ii), Section 3.02, Section 3.03(b), Section 3.08, Section 3.14, Section 3.15, Section 3.19(a) and Section 3.19(b).

“Specified Restricted Payment” means any Restricted Payment under Sections 6.08(a)(xiv) and/or (xx), in each, other than any Restricted Payment constituting a Permitted Dividend Payment.

“Specified Transaction” means any (a) disposition of all or substantially all the assets of or all the Equity Interests of any Restricted Subsidiary of the Parent or of any product line, business unit, line of business or division of the Borrower or any of the Restricted Subsidiaries of the Parent for which historical financial statements are available (including the termination or discontinuance of activities constituting a business), (b) Permitted Acquisitions (including commencement of activities constituting a business), (c) Investment that results in a Person becoming a Restricted Subsidiary of the Parent, (d) designation of any Restricted Subsidiary as an Unrestricted Subsidiary, or of any Unrestricted Subsidiary as a Restricted Subsidiary, (e) the proposed incurrence of Indebtedness or making of a Restricted Payment or payment in respect of Indebtedness or other transaction in respect of which compliance with any financial ratio is by the terms of this Agreement required to be calculated on a Pro Forma Basis or (f) any operating improvement, restructurings, cost savings, or other business optimization initiatives and other similar initiatives and transactions.

“SPV” has the meaning assigned to such term in [Section 9.04\(c\)](#).

“[Standard Securitization Undertakings](#)” means representations, warranties, covenants and indemnities entered into by the Parent or any Subsidiary of the Parent which the Borrower has determined in good faith to be customary in a Securitization Facility, including, without limitation, those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking or, in the case of a Receivables Facility, a non-credit related recourse trade or accounts receivable factoring arrangement.

“[Sterling](#)” or “[£](#)” means the lawful currency of the United Kingdom.

“[Subject Loans](#)” has the meaning assigned to such term in [Section 2.11\(i\)](#).

“[Subordinated Indebtedness](#)” means Indebtedness incurred by a Loan Party that is contractually subordinated in right of payment to the prior payment of all Obligations of such Loan Party under the Loan Documents.

“[subsidiary](#)” means, with respect to any Person (the “parent”) at any date, any corporation, company, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the ordinary voting power for the election of the members of the governing body or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned or controlled by the parent and/or one or more subsidiaries of the parent.

“[Subsidiary](#)” means any subsidiary of the Parent.

“[Subsidiary Guaranty](#)” means that certain Subsidiary Guaranty dated November 20, 2014 as it may be from time to time amended, restated, amended and restated, supplemented or otherwise modified, among the Loan Parties party thereto from time to time and the Collateral Agent, together with each supplement to the Subsidiary Guaranty in respect of the Obligations delivered pursuant to [Section 5.11](#) and [Section 5.16](#).

“[Subsidiary Loan Party](#)” means any Restricted Subsidiary (other than Holdco, Midco and the Borrower) that has Guaranteed the Obligations pursuant to the Subsidiary Guaranty.

“[Successor Company](#)” has the meaning assigned to such term in [Section 6.03\(a\)](#).

“[Swap Agreement](#)” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward contracts, future contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, repurchase agreements, reverse repurchase agreements, sell buy back and buy sell back agreements, and securities lending and borrowing agreements 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 Person, 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 Secured Swap Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Secured Swap Agreements, (a) for any date on or after the date such Secured Swap Agreements 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), the amount(s) determined as the mark to market value(s) for such Secured Swap Agreements, as determined by the Lender Counterparty and the Borrower in accordance with the terms thereof and in accordance with customary methods for calculating mark-to-market values under similar arrangements by the Lender Counterparty and the Borrower.

“Swingline Commitment” means the commitment of the Swingline Lender to make Swingline Loans. The initial amount of the Swingline Lender’s Swingline Commitment is set forth on Schedule 2.01.

“Swingline Exposure” means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the Swingline Exposure at such time.

“Swingline Lender” means JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

“Swingline Loan” means a Loan made pursuant to Section 2.04.

“Swingline Loan Notice” means a notice of a Swingline Loan pursuant to Section 2.04(b), which shall be substantially in the form of Exhibit H or such other form as approved by the Administrative Agent and the Borrower (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.

“Swingline Sublimit” means \$60,000,000 as such amount may be modified from time to time in accordance with the terms hereof.

“Synthetic Lease” means, as to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) that is designed to permit the lessee (a) to treat such lease as an operating lease, or not to reflect the leased property on the lessee’s statement of financial position, under IFRS and (b) to claim depreciation on such property for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

“Synthetic Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any Synthetic Lease, and the amount of such obligations shall be equal to the sum (without duplication) of (a) the capitalized amount thereof that would appear on a statement of financial position of such Person in accordance with IFRS, if such obligations were accounted for as Capital Lease Obligations and (b) the amount payable by such Person as the purchase price for the property subject to such lease assuming the lessee exercises the option to purchase such property at the end of the term of such lease.

“Target Person” has the meaning assigned to such term in Section 6.04.

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

“Term Commitment” means, an Initial Term Commitment, an Incremental Term Commitment or an Other Term Commitment.

“Termination Date” means the date upon which (i) all of the Obligations (other than (A) as set forth in clause (ii) and (B) contingent indemnification obligations not yet due and payable) have been paid in full, (ii) all Letters of Credit have been cancelled, Cash Collateralized or otherwise backstopped on terms reasonably satisfactory to the Issuing Bank (including by “grandfathering” on terms reasonably acceptable to the Issuing Bank of the applicable Letters of Credit into a future credit facility) and (iii) all Commitments have expired or been terminated.

“Term Lender” means a Lender with an outstanding Term Commitment or an outstanding Term Loan.

“Term Loan Exchange Effective Date” has the meaning set forth in Section 2.25(a).

“Term Loan Exchange Notes” has the meaning set forth in Section 2.25.

“Term Loan Maturity Date” means, with respect (a) [reserved], (b) to the Tranche B-3 Term Loans, the seventh anniversary of the Escrow Funding Date (or if such anniversary is not a Business Day, the next preceding Business Day), (c) to the Tranche B-4 Term Loans, June 5, 2025 (or if such anniversary is not a Business Day, the next preceding Business Day), (d) to the Euro Tranche Term Loans, the seventh anniversary of the Escrow Funding Date (or if such anniversary is not a Business Day, the next preceding Business Day), (e) to the Euro Tranche B-1 Term Loans, June 5, 2025 (or if such anniversary is not a Business Day, the next preceding Business Day) and (f) to any Incremental Term Loan, Other Term Loan, Extended Term Loan or Replacement Term Loan, as provided in the respective documentation therefor, but, as to any specific Term Loan, as the maturity of such Term Loan shall have been extended by the holder thereof in accordance with the terms hereof.

“Term Loans” means, collectively, the Initial Term Loans unless the context otherwise requires, any Incremental Term Loans, any Other Term Loans, any Replacement Term Loans and any Extended Term Loans.

“Term Note” means a promissory note of the Borrower payable to any Lender or its registered assigns, in substantially the form of Exhibit F-1 through Exhibit F-3 hereto, evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from the applicable Class of Term Loans made by such Lender.

“Title Company” means one or more title insurance companies reasonably satisfactory to the Administrative Agent.

“Total Indebtedness” means, as of any date, the aggregate outstanding principal amount of funded Indebtedness of the Parent and its Restricted Subsidiaries, on a consolidated basis, for borrowed money, Capital Lease Obligations and purchase money Indebtedness (other than, in each case, any intercompany indebtedness). Total Indebtedness shall be calculated subject to Section 1.06, and shall exclude, for the avoidance of doubt, Indebtedness in respect of any Receivables Facility or Cash Management Services.

“Total Leverage Ratio” means, on any date of determination, the ratio of (a) Total Indebtedness as of such date, less the aggregate amount of unrestricted cash and Cash Equivalents of the Parent and its Restricted Subsidiaries as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters of the Parent most recently ended on or prior such date of determination for which financial statements have been furnished pursuant to Section 9 of Effective Date Amendment or Section 5.01, as applicable.

“Tranche B-2 Term Commitment” means, with respect to each Term Lender with a Tranche B-2 Commitment, the commitment of such Term Lender to roll over and continue its Tranche B-2 Term Loans under the Existing Credit Agreement in an equal aggregate principal amount of Tranche B-2 Term Loans hereunder on the Effective Date pursuant to Effective Date Amendment, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Term Lender pursuant to Section 9.04.

“Tranche B-2 Term Loan” means the term loans rolled over and continued to remain issued under and outstanding pursuant to this Agreement on the Effective Date pursuant to the Tranche B-2 Term Commitment.

“Tranche B-3 Term Commitment” means, with respect to each Term Lender with a Tranche B-3 Commitment, the commitment of such Term Lender to convert its Dollar-denominated term loans under the Escrow Credit Agreement for an equal aggregate principal amount of Tranche B-3 Term Loans hereunder on the Effective Date, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Term Lender pursuant to Section 9.04.

“Tranche B-3 Term Loan” means the term loans converted into and deemed issued under and outstanding pursuant to this Agreement on the Effective Date, pursuant to Section 2.01(a) (ii) pursuant to the Tranche B-3 Term Commitment.

“Tranche B-4 Term Commitment” means, with respect to the Tranche B-4 Term Lender, its commitment to make a Tranche B-4 Term Loan on the First Amendment Effective Date in an amount equal to \$650,000,000, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Term Lender pursuant to Section 9.04.

“Tranche B-4 Term Lender” means, JPMorgan Chase Bank, N.A., in its capacity as lender of Tranche B-4 Term Loans hereunder.

“Tranche B-4 Term Loans” means the term loans made and/or converted and deemed made on the First Amendment Effective Date pursuant to Section 2.01(a)(i).

“Transaction Costs” means collectively, (a) all premiums, fees, costs and expenses incurred or payable by or on behalf of the Parent, any Restricted Subsidiary or the Company and its subsidiaries in connection with the Transactions (including, without limitation, bonuses and any loan forgiveness and associated tax gross up payments) or in connection with the negotiation, execution, delivery and performance of the Loan Documents and the transactions contemplated thereby, including to fund any original issue discount, upfront fees or legal fees and to grant and perfect any security interests and (b) the Seattle Transaction Costs.

“Transactions” means (a) the transactions contemplated by this Agreement and the other Loan documents (including the entering into of Effective Date Amendment and the Escrow Term Loan Agreement, the funding of the loans thereunder and the release of funds therein, the merger of the Escrow Borrower into the Borrower and the borrowing of the Loans hereunder on the Effective Date), (b) the making of the Borrower Intercompany Loan, (c) the making of the Return of Value Payment, if any, (d) the Seattle Acquisition and Merger, (e) the transactions contemplated by the Seattle Credit Agreement and the other Seattle Loan Documents including the entering into of the Seattle Escrow Term Loan Agreement, the funding of the loans thereunder and the release of the funds therein and borrowing of the Seattle Term Loans, (f) the making of the Seattle Payment and (g) the payment of Transaction Costs.

“Transition Services Agreement” means the Transition Services Agreement to be entered into at or prior to the Acquisition Closing Date between Houston and the Seattle Business.

“Treasury Rate” means a rate per annum (but not less than 0%) determined by the Administrative Agent equal to the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least three (3) Business Days prior to such prepayment date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such prepayment date to the First Call Date; provided, however, that if the period from such prepayment date to the First Call Date is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from such prepayment date to the First Call Date, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

“Type,” when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted Eurocurrency Rate or the Alternate Base Rate.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the perfection or priority of, or remedies with respect to, any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term “UCC” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions hereof relating to such perfection, priority or remedies.

“UKLA” means the UK Listing Authority or any Governmental Authority succeeding to any of its principal functions.

“UK Collateral Agreement” means the English law security agreement dated as of November 20, 2014, as it may be from time to time amended, restated, amended and restated, supplemented or otherwise modified, among the Parent, Holdco and the other UK Loan Parties thereto from time to time and the Collateral Agent.

“UK Loan Parties” means the Parent, Holdco and any Restricted Subsidiary organized under the laws of England and Wales that has Guaranteed the Obligations pursuant to the Subsidiary Guaranty. As of the Effective Date, the UK Loan Parties are set forth on Schedule 1.01(c).

“UK Mortgage” means a mortgage, charge, deed of trust, or other security document granting a Lien on any Mortgaged Property located in England or Wales to secure the Secured Obligations.

“UK Security Documents” means each of the agreements, guaranties and/or other instruments listed on Schedule 1.01(d) hereto and each other security agreement, guaranty or other instrument or document executed and delivered by any UK Loan Party pursuant to Section 5.11, 5.12 or 5.16 to secure the Secured Obligations and the UK Mortgages (if any).

“UK Subsidiary” means any Subsidiary of the Parent that is incorporated or organized under the laws of England and Wales.

“Unrestricted Additional Debt” has the meaning set forth in Section 6.01(a)(xxxii).

“Unrestricted Additional Term Notes” means first priority senior secured notes and/or junior Lien secured notes and/or unsecured notes, in each case issued pursuant to an indenture, note purchase agreement or other agreement and in lieu of the incurrence of Unrestricted Incremental First Lien Indebtedness; provided that (a) such Unrestricted Additional Term Notes rank pari passu or junior in right of payment and (if secured) of security with the Initial Term Loans hereunder, (b) the Unrestricted Additional Term Notes have a final maturity date that is on or after the then existing Latest Maturity Date with respect to the Initial Term Loans and a Weighted Average Life to Maturity (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Initial Term Loans) equal to or longer than the remaining Weighted Average Life to Maturity of the then existing Initial Term Loans (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Term Loans); provided that this clause (b) shall not restrict the issuance or incurrence by the Parent or any of its Restricted Subsidiaries after the Effective Date of up to \$1,700,000,000 aggregate principal amount of Additional Debt, Additional Term Notes, Unrestricted Additional Term Notes, Incremental Term Loans, Seattle Additional Debt, Seattle Additional Term Notes, Seattle Unrestricted Additional Term Notes and Seattle Incremental Term Loans having (x) a final maturity date that is prior to the Latest Maturity Date with respect to the Initial Term Loans so long as such final maturity date is at least five years from the date of such issuance or incurrence and (y) a Weighted Average Life to Maturity shorter than the remaining Weighted Average Life to Maturity of the Initial Term Loans (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Term Loans) so long as such debt does not require annual amortization or similar regularly scheduled prepayments in excess of 10% of the original amount of such debt at issuance or incurrence in any year, (c) the covenants, events of default and other terms of which (other than maturity, fees, discounts, interest rate, redemption terms and redemption premiums, which shall be determined in good faith by the Borrower) of such Unrestricted Additional Term Notes, shall be on market terms at the time of issuance (as determined in good faith by the Borrower) of the Unrestricted Additional Term Notes; provided that the Additional Term Notes shall not have the benefit of any financial maintenance covenant unless (x) the Initial Term Loans have the benefit of such financial maintenance covenant on the same terms or (y) the Initial Term Loans have in the future been provided with the benefit of a financial maintenance covenant, in which case such Additional Term Notes issued after such future date may be provided with the benefit of the same financial maintenance covenant on the same or less favorable terms, (d) no Restricted Subsidiary is a borrower or a guarantor with respect to such Indebtedness unless such Restricted Subsidiary is a Loan Party which shall have previously or substantially concurrently guaranteed or borrowed, as applicable, the Obligations, (e) if such Unrestricted Additional Term Notes are secured, (i) the obligations in respect thereof shall not be secured by Liens on the assets of the Parent and its Restricted Subsidiaries, other than assets constituting Collateral and (ii) (x) if such Unrestricted Additional Term Notes are secured on a pari passu basis with the Obligations, the Senior Representative for such Unrestricted Additional Term Notes shall enter into the Pari Passu Intercreditor Agreement or other customary intercreditor agreement and (y) if such Unrestricted Additional Term Notes are secured on a junior basis to the Obligations, the Senior Representative for such Unrestricted Additional Term Notes shall enter into a Second Lien Intercreditor Agreement or other customary intercreditor agreement, in each case with the Administrative Agent and/or Collateral Agent substantially consistent with the terms set forth on Exhibit K-1 or K-2 annexed hereto together with (A) any immaterial changes and (B) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be pari passu with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are pari passu with, or junior in priority to, other Liens that are junior to the Liens securing the Obligations), and (f) any Unrestricted Additional Term Notes issued shall reduce or be counted against, on a dollar-for-dollar basis, the amount available to be drawn as Unrestricted Incremental First Lien Indebtedness (it being understood that the Borrower may redesignate any such Indebtedness originally designated as Unrestricted Additional Term Notes as Additional Term Notes if at the time of such redesignation, the Borrower would be permitted to incur the aggregate principal amount of Indebtedness being so redesignated in accordance with the definition thereof (for purpose of clarity, with any such redesignation having the effect of increasing the Borrower’s ability to incur Unrestricted Incremental First Lien Indebtedness as of the date of such redesignation by the amount of such Indebtedness so redesignated)).

“Unrestricted Incremental First Lien Indebtedness” has the meaning assigned to such term in Section 2.20(a).

“Unrestricted Subsidiary” means (a) any Subsidiary of the Parent designated as an “Unrestricted Subsidiary” from time to time pursuant to Section 5.13 and (b) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Person” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“US Collateral Agreement” means the Security Agreement dated as of November 20, 2014, as it may be from time to time amended, restated, amended and restated, supplemented or otherwise modified, among the Borrower and the other US Loan Parties thereto from time to time and the Collateral Agent.

“US Loan Parties” means the Borrower and any Domestic Restricted Subsidiary that has Guaranteed the Obligations pursuant to the Subsidiary Guaranty. As of the Effective Date, the US Loan Parties are set forth on Schedule 1.01(c).

“US Mortgage” means a mortgage, deed of trust, or other security document granting a Lien on any Mortgaged Property located in the United States, any State or province thereof or the District of Columbia to secure the Secured Obligations. Each Mortgage shall be substantially in the form attached as Exhibit I hereto or otherwise in form and substance approved by Administrative Agent in its reasonable discretion, or at Administrative Agent’s option, in the case of an Additional Mortgaged Property, an amendment to an existing Mortgage, in form satisfactory to the Administrative Agent in its reasonable discretion, adding such Additional Mortgaged Property to the real property encumbered by such existing Mortgage.

“US Security Documents” means the US Collateral Agreement, the US Mortgages (if any), each of the agreements listed on Schedule 5.11(c), and each other security agreement or other instrument or document executed and delivered by a US Loan Party pursuant to Section 5.11, Section 5.12 or Section 5.16 to secure the Secured Obligations.

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

“wholly owned Subsidiary” or “wholly owned subsidiary” means, with respect to any Person at any date, a subsidiary of such Person of which securities or other ownership interests representing 100% of the Equity Interests (other than (x) directors’ qualifying shares or (y) shares issued to foreign nationals to the extent required by applicable law) are, as of such date, owned, controlled or held by such Person or one or more wholly owned subsidiaries of such Person or by such Person and one or more wholly owned subsidiaries of such Person. For the avoidance of doubt, “wholly owned Restricted Subsidiary” means a wholly owned Subsidiary that is a Restricted Subsidiary.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Write-Down and Conversion Powers” means, 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.

“Yield” means, with respect to any Loan, Revolving Commitment, or Repricing Transaction, as the case may be, on any date of determination as calculated by the Administrative Agent, (a) any interest rate margin, (b) increases in interest rate floors (but only to the extent that an increase in the interest rate floor with respect to the Class of Term Loans would cause an increase in the interest rate then in effect at the time of determination hereunder, and, in such case for purposes of Section 2.20, then the interest rate floor (but not the interest rate margin solely for determinations under this clause (b)) applicable to such Class of Term Loans shall be increased to the extent of such differential between interest rate floors), (c) original issue discount and (d) upfront fees paid generally to all Persons providing such Loan or Commitment (with original issue discount and upfront fees being equated to interest based on the shorter of (x) the Weighted Average Life to Maturity of such Loans and (y) four years), but exclusive of any amendment or consent fees and arrangement, structuring, underwriting or similar fee paid to any Person in connection therewith that are not shared generally with all Persons providing such Loan or Commitment.

Section 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a “Revolving Loan”) or by Type (e.g., a “Eurocurrency Loan”) or by Class and Type (e.g., a “Eurocurrency Revolving Loan”). Borrowings also may be classified and referred to by Class (e.g., a “Revolving Loan Borrowing”) or by Type (e.g., a “Eurocurrency Borrowing”) or by Class and Type (e.g., a “Eurocurrency Revolving Loan Borrowing”).

Section 1.03 Terms Generally.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, amended and restated, supplemented or otherwise modified (including pursuant to any permitted refinancing, extension, renewal, replacement, restructuring or increase (in each case, whether pursuant to one or more agreements or with different lenders or different agents), but subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all of the functions thereof, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (f) any reference to any Requirement of Law shall, unless otherwise specified, refer to such Requirement of Law as amended, modified or supplemented from time to time and shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Requirement of Law, (g) the phrase “for the term of this Agreement” and any similar phrases shall mean the period beginning on the Effective Date and ending on the Latest Maturity Date, the term “manifest error” shall be deemed to include any clearly demonstrable error whether or not obvious on the face of the document containing such error, (h) all references to “knowledge” or “awareness” of any Loan Party or a Restricted Subsidiary thereof means the actual knowledge of a Responsible Officer of a Loan Party or such Restricted Subsidiary and (i) all references to “in the ordinary course of business” of the Parent or any Subsidiary thereof means (x) in the ordinary course of business of, or in furtherance of an objective that is in the ordinary course of business of, the Parent and/or such Subsidiary, as applicable, (y) customary and usual in the software industry where the Parent’s or any Subsidiary’s businesses are located or performed or (z) generally consistent with the past or current practice of the Parent or any Subsidiary thereof and/or similarly situated software companies where the Parent’s or any Subsidiary’s businesses are located or performed. Unless otherwise specified, all references herein to times of day shall be references to New York City time (daylight or standard, as applicable).

Section 1.04 Accounting Terms: IFRS.

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with IFRS, as in effect from time to time. In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Parent, Holdco, the Borrower and the Administrative Agent agree to enter into good faith negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Change with the desired result that the criteria for evaluating the Parent’s and the Subsidiaries’ consolidated financial condition shall be the same after such Accounting Change as if such Accounting Change had not been made. Until such time as such an amendment shall have been executed and delivered by the Parent, Holdco, the Borrower, the Administrative Agent and the Required Lenders, all financial ratios, covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Change had not occurred. “Accounting Change” refers to any change in accounting principles required by (A) the promulgation of any rule, regulation, pronouncement or opinion by the IFRS Interpretations Committee and (B) any applicable change to the Companies Act 2006 applicable to companies reporting under IFRS.

Notwithstanding anything in this Agreement to the contrary, any change in IFRS or the application or interpretation thereof that would require operating leases to be treated similarly as a capital or finance lease shall not be given effect in the definitions of Indebtedness or Liens or any related definitions or in the computation of any financial ratio or requirement.

Section 1.05 Pro Forma Calculations.

(a) With respect to any period during which the Transactions or any Specified Transaction occurs, for purposes of determining the prepayments required pursuant to Section 2.11(c), Section 2.11(d) or Section 2.11(k), permissibility of asset sales, compliance with any test contained in this Agreement (including any incurrence test) or for any other specified purpose hereunder (including for purposes of (i) testing the covenant set forth in Section 6.12 and (ii) determining the Applicable Margin in respect of any period), calculation of the First Lien Leverage Ratio, Consolidated EBITDA, Consolidated Total Assets and the Total Leverage Ratio or for any other purpose hereunder, such determinations and calculations with respect to such period shall be made on a Pro Forma Basis.

(b) Notwithstanding anything in this Agreement or any Loan Document to the contrary, in connection with any action being taken in connection with a Limited Condition Transaction, for purposes of:

(i) determining compliance with any provision of this Agreement (including the determination of compliance with representations, warranties or any other provision of this Agreement which requires no Default or Event of Default has occurred or is continuing or would result therefrom); or

(ii) calculating any ratio or testing availability under baskets set forth in this Agreement (including the Available Amount or any other baskets (including incremental facilities or any baskets measured as a percentage of Consolidated EBITDA or Consolidated Total Assets));

(iii) in each case, at the option of the Borrower (the Borrower's election to exercise such option in connection with any Limited Condition Transaction, an "LCT Election"), the date of determination of whether any such action is permitted hereunder (including the determination of any such ratio, amount or availability of the Available Amount, or any other basket and the determination of the accuracy of any representation or warranty or whether a Default or Event of Default has occurred, is continuing or would result therefrom, or other applicable covenant) shall be deemed to be the date the definitive agreement for such Limited Condition Transaction is entered into (the "LCT Test Date"), and if, after giving pro forma effect to the Limited Condition Transaction, the Borrower or any of its Restricted Subsidiaries would have been permitted to take such action on the relevant LCT Test Date in compliance with such ratio, test or basket, such ratio, test or basket shall be deemed to have been complied with. For the avoidance of doubt, if the Borrower has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date would have failed to have been satisfied as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Consolidated EBITDA or Consolidated Total Assets, at or prior to the consummation of the relevant transaction or action, such baskets, tests or ratios will not be deemed to have failed to have been satisfied as a result of such fluctuations. If the Borrower has made an LCT Election for any Limited Condition Transaction, then in connection with any event or transaction occurring after the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement or date for redemption, repurchase, defeasance, satisfaction and discharge or repayment specified in an irrevocable notice for such Limited Condition Transaction is terminated, expires or passes, as applicable, without consummation of such Limited Condition Transaction (a "Subsequent Transaction") in connection with which a ratio, test or basket availability calculation must be made on a Pro Forma Basis or giving pro forma effect to such Subsequent Transaction, for purposes of determining whether such ratio, test or basket availability has been complied with under this Agreement, any such ratio, test or basket shall be calculated (x) on a Pro Forma Basis assuming such Limited Condition Transaction and other transactions in connection therewith have been consummated and (y) for Restricted Payments only, without giving effect to such Limited Condition Acquisition.

Section 1.06 Currency Translation.

(a) For purposes of determining compliance as of any date after the Effective Date with Section 5.14, Section 6.01, Section 6.02, Section 6.03, Section 6.04, Section 6.05, Section 6.08, Section 6.09 or Section 6.12, or for purposes of making any determination under Section 7.01(f), (g), (j), or (l), or for any other specified purpose hereunder, amounts incurred or outstanding in currencies other than Dollars shall be translated into Dollars at the exchange rates in effect on the last Business Day of the fiscal quarter immediately preceding the fiscal quarter in which such determination occurs or in respect of which such determination is being made, as such exchange rates shall be determined in good faith by the Borrower by reference to customary indices; provided that for purposes of determining compliance with the First Lien Leverage Ratio or Total Leverage Ratio on any date of determination, amounts denominated in a currency other than Dollars will be translated into Dollars (i) with respect to income statement items, at the currency exchange rates used in calculating Consolidated Net Income in the Parent's latest financial statements delivered pursuant to Section 5.01(a) or (b) and (ii) with respect to statement of financial position items, at the currency exchange rates used in calculating statement of financial position items in the Parent's latest financial statements delivered pursuant to Section 5.01(a) or (b) and will, in the case of Indebtedness, reflect the currency translation effects, determined in accordance with IFRS, of Swap Agreements permitted hereunder for currency exchange risks with respect to the applicable currency in effect on the date of determination of the Dollar equivalent of such Indebtedness. No Default or Event of Default shall arise as a result of any limitation or threshold set forth in Dollars in Section 5.12, Section 6.01, Section 6.02, Section 6.03, Section 6.04, Section 6.05, Section 6.08, Section 6.09, Section 6.12 or Section 7.01(f), (g), (j), or (l), being exceeded solely as a result of changes in currency exchange rates from those rates applicable on the last day of the fiscal quarter immediately preceding the fiscal quarter in which such determination occurs or in respect of which such determination is being made.

(b) The Administrative Agent (or the Issuing Bank to the extent otherwise set forth in this Agreement) shall determine the Dollar Equivalent of any Letter of Credit denominated in Euros or any other Alternative Currency as of (i) each date (with such date to be reasonably determined by the Administrative Agent or Issuing Bank, as applicable) that is on or about the date of each request for the issuance, amendment, renewal or extension of any Letter of Credit, (ii) each date on which the Dollar Equivalent in respect of any Borrowing is determined pursuant to paragraph (c) of this Section, and each such amount shall be the Dollar Equivalent of such Letter of Credit until the next required calculation thereof pursuant to this Section 1.06(b) and (iii) from time to time with notice to the Borrower in its reasonable discretion.

(c) The Administrative Agent shall determine the Dollar Equivalent of any Borrowing denominated in Euros or any other Alternative Currency as of (i) each date (with such date to be reasonably determined by the Administrative Agent) that is on or about the date of a Borrowing Request or Interest Election Request or the beginning of each Interest Period with respect to any Borrowing, (ii) each date on which the Dollar Equivalent in respect of any Letter of Credit is determined pursuant to paragraph (b) of this Section, and each such amount shall be the Dollar Equivalent of such Borrowing until the next required calculation thereof pursuant to this Section 1.06(c) and (iii) from time to time with notice to the Borrower in its reasonable discretion; provided that if a prepayment of Term Loans is required under Section 2.11, the Dollar Equivalent of such Term Loans for purposes of determining the relative application of the prepayment among multiple Classes of Term Loans shall be determined as of the date of such prepayment, or if earlier, the date that notice of such prepayment is furnished by the Borrower.

(d) The Dollar Equivalent of any LC Disbursement made by the Issuing Bank in Euros or any other Alternative Currency and not reimbursed by the Borrower shall be determined as set forth in Section 2.05(e).

(e) The Administrative Agent (or the Issuing Bank) shall notify the Borrower, the applicable Lenders and the Issuing Bank of each calculation of the Dollar Equivalent of each Letter of Credit, Borrowing and LC Disbursement.

Section 1.07 Rounding. Any financial ratios required to be maintained pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up for five). For example, if the relevant ratio is to be calculated to the hundredth decimal place and the calculation of the ratio is 5.125, the ratio will be rounded up to 5.13.

Section 1.08 Timing of Payment or Performance. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on (or before) a day which is not a Business Day, the date of such payment (other than as described in the definition of “Interest Period”) or performance shall extend to the immediately succeeding Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

Section 1.09 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, however, that with respect to any Letter of Credit that, by its terms or the terms of any Letter of Credit Application 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. 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 any 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.

Section 1.10 Certifications; Provision of Information. All provisions of information, presentations, statements and certifications to be made hereunder by a director, officer or other representative of a Loan Party or other Restricted Subsidiary shall be made by such a Person in his or her capacity solely as an officer or a representative of such Loan Party or other Restricted Subsidiary, on such Loan Party’s or such Restricted Subsidiary’s behalf and not in such Person’s individual capacity, and without personal liability.

Section 1.11 Compliance with Article VI. In the event that any Lien, Investment, Indebtedness (whether at the time of incurrence or upon application of all or a portion of the proceeds thereof), Disposition, Restricted Payment, Affiliate transaction, restrictive agreement or prepayment of Indebtedness meets the criteria of one or more than one of the categories of transactions then permitted pursuant to any clause of such Sections in Article VI, such transaction (or portion thereof) at any time shall be permitted under one or more of such clauses as determined by the Borrower in its sole discretion at such time.

Section 1.12 Reversion Provision. The parties hereto agree that if the Seattle Acquisition is not consummated on or prior to the Applicable Acquisition Consummation Deadline, then (w) any provision in this Agreement that provides the Parent or any of its Subsidiaries (including, for the avoidance of doubt, the Borrower) additional capacity for incurrence under fixed dollar baskets under Article VI or increased dollar thresholds under Article VII, in each case, relative to the corresponding provision in the Existing Credit Agreement, shall instead be deemed to be replaced by such corresponding provision in the Existing Credit Agreement, (x) the dollar amounts set forth in (i) clause (x) of the definition of “Unrestricted Incremental First Lien Indebtedness”, (ii) the provisos to clauses (D) and (E) of Section 2.20(b), (iii) the proviso to clause (i) of the definition of “Additional Debt”, (iv) the second proviso to the definition of “Additional Term Notes”, (vi) the proviso to clause (b) of the definition of “Unrestricted Additional Term Notes”, and (v) clause (a)(1) of Section 6.01(a)(xxxii), in each case, shall be deemed to be replaced by such corresponding provision in the Existing Credit Agreement, (y) the initial aggregate principal of the Lender’s Revolving Commitments shall be \$375,000,000 (with the Initial Revolving Loans and Initial Revolving Commitments reallocated by the Administrative Agent among the Revolving Lenders on a pro rata basis) and (z) (i) the LC Sublimit shall be \$40,000,000 and (ii) the Swingline Sublimit shall be \$20,000,000.

ARTICLE II
The Credits

Section 2.01 Commitments.

(a) Subject to the terms and express conditions set forth herein:

(i) [reserved];

(ii) each Lender with a Tranche B-3 Term Commitment severally agrees, on the terms and conditions set forth in the Escrow Credit Agreement and herein, to have the outstanding principal amount of its Dollar-denominated term loans (or such lesser amount as notified and allocated to such Lender by the Administrative Agent, as determined by the Administrative Agent and the Borrower in their sole discretion) in an amount not to exceed its Tranche B-3 Term Commitment, automatically converted into and deemed issued as Tranche B-3 Term Loans denominated in Dollars under and outstanding pursuant to this Agreement, effective as of the Effective Date;

(iii) subject to the terms and conditions set forth in Amendment No. 1, the Tranche B-4 Term Lender agrees to make Tranche B-4 Term Loans to the Borrower on the First Amendment Effective Date in Dollars in an aggregate amount not to exceed its Tranche B-4 Term Commitment;

(iv) each Lender with a Euro Tranche Term Commitment severally agrees, on the terms and conditions set forth in the Escrow Credit Agreement and herein, to have the outstanding principal amount of its Euro-denominated term loans (or such lesser amount as notified and allocated to such Lender by the Administrative Agent, as determined by the Administrative Agent and the Borrower in their sole discretion) in an amount not to exceed its Euro Tranche Term Commitment, automatically converted into and deemed issued as Euro Tranche Term Loans denominated in Euros under and outstanding pursuant to this Agreement, effective as of the Effective Date; and

(v) subject to the terms and conditions set forth in Amendment No. 1, the Euro Tranche B-1 Term Lender agrees to make Euro Tranche B-1 Term Loans to the Borrower on the First Amendment Effective Date in Euros in an aggregate amount not to exceed its Euro Tranche B-1 Term Commitment.

(b) Subject to the terms and express conditions set forth herein, each applicable Lender severally agrees to make Revolving Loans to the Borrower from time to time during the Revolving Availability Period in Dollars in an aggregate principal amount that will not result in such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment.

(c) Within the foregoing limits and subject to the terms and express conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans (without premium or penalty). Amounts repaid or prepaid in respect of Term Loans may not be reborrowed. The Tranche B-3 Term Commitments, the Tranche B-4 Term Commitments, the Euro Tranche Term Commitments and the Euro Tranche B-1 Term Commitments will terminate in full upon the making, rollover, conversion and deemed issuance of the Loans referred to in clause (a) above.

Section 2.02 Loans and Borrowings.

(a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class, Type and currency by the Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder, provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, (i) each Revolving Loan Borrowing denominated in Euros or other Alternative Currency shall be comprised entirely of Eurocurrency Loans, (ii) each Term Loan Borrowing denominated in Euros shall be comprised entirely of Eurocurrency Loans and (iii) each Revolving Loan Borrowing and Term Loan Borrowing denominated in Dollars shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan, provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$500,000 (or, in the case of Borrowings denominated in (i) Euros, €500,000 or (ii) any other Alternative Currency, a like amount) and not less than \$500,000 (or, in the case of Borrowings denominated in (i) Euros, €500,000 or (ii) any other Alternative Currency, a like amount). At the time that each ABR Revolving Loan Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$100,000. Each Swingline Loan shall be in an amount that is an integral multiple of \$100,000 and not less than \$100,000. Borrowings of more than one Type and Class may be outstanding at the same time, provided that there shall not at any time be more than a total of 16 Eurocurrency Borrowings outstanding plus up to an additional 3 Interest Periods in respect of each (i) Incremental Facility, (ii) Extended Term Loans and Extended Revolving Commitments, and (iii) Other Term Loans and Other Revolving Loans. Notwithstanding anything to the contrary herein, the Revolving Loans comprising any Borrowing may be in an aggregate amount that is equal to the entire unused balance of the aggregate Revolving Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e), and a Swingline Loan may be in an aggregate amount that is equal to the entire unused balance of the aggregate Swingline Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e).

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the applicable Revolving Maturity Date (in the case of such Revolving Loan) or the Term Loan Maturity Date applicable to such Borrowing (in the case of such Term Loan), as the case may be.

(e) The obligations of the Revolving Lenders hereunder to make Revolving Loans, to fund participations in Letters of Credit and Swingline Loans and to make payments pursuant to Section 9.03(c) are several and not joint (it being understood that the foregoing shall in no way be in derogation of the reallocation of participations in Letters of Credit and Swingline Loans among the Revolving Lenders contemplated by Section 2.22(a)(iv)).

Section 2.03 Requests for Borrowings. To request a Revolving Loan Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurocurrency Borrowing denominated in Dollars, not later than 1:00 p.m., New York City time, three Business Days before the date of the proposed Borrowing, (b) in the case of a Eurocurrency Borrowing denominated in Euros or Sterling, not later than 1:00 p.m., London time, three Business Days before the date of the proposed Borrowing, (c) in the case of a Eurocurrency Borrowing denominated in any other Alternative Currency, no later than 1:00 p.m., London time, four Business Days before the date of the proposed Borrowing (or a shorter notice period to be agreed between the Borrower and the Administrative Agent at the time any Alternative Currency is specified other than the Alternative Currencies provided for in clauses (a) and (b)) or (d) in the case of an ABR Borrowing, not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing; provided that any notice of a Borrowing to be made on the Effective Date (whether a Eurocurrency Borrowing or ABR Borrowing or denominated in Euros) may be given not later than 11:00 a.m., New York City time (or such later time as the Administrative Agent may reasonably agree), one Business Day prior to the date of the proposed Borrowing, which notice may be subject to the effectiveness of the Credit Agreement. Each such telephonic Borrowing Request shall be confirmed promptly by hand delivery, electronic communication (including Adobe pdf file) or facsimile to the Administrative Agent of a written Borrowing Request signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information:

- (i) the Class of such Borrowing;
- (ii) the currency and aggregate amount of such Borrowing;
- (iii) the date of such Borrowing, which shall be a Business Day;
- (iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;

(v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period”; provided, however, that if the Borrower wishes to request a Eurocurrency Borrowing 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., New York City time, four Business Days (or Five Business Days in the case of an Alternative Currency (other than Euros or Sterling)) prior to the requested date of such Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the applicable Lenders of such request and determine whether the requested Interest Period is acceptable to all of them. Not later than 11:00 a.m., New York City time, three Business Days (or four Business Days in the case of an Alternative Currency (other than Euros or Sterling)) before the requested date of such Borrowing, conversion or continuation, 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 the applicable Lenders;

(vi) the location and number of the Borrower’s account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06; and

(vii) in the case of a Borrowing Request made in respect of a Revolving Loan Borrowing (other than a Revolving Loan Borrowing made on the Effective Date), that as of such date the express conditions in Section 4.02(a) and (b) are satisfied (or waived).

If no currency is specified with respect to any Eurocurrency Borrowing, the Borrower shall be deemed to have selected Dollars. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be (A) in the case of a Borrowing denominated in Dollars, an ABR Borrowing and (B) in the case of a Borrowing denominated in Euros or other Alternative Currency, a Eurocurrency Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

Section 2.04 Swingline Loans.

(a) General. Subject to the terms and express conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower in Dollars from time to time on any Business Day during the Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding the Swingline Sublimit or (ii) after giving effect to Section 2.22(a)(iv), the aggregate Revolving Exposures exceeding the aggregate Revolving Commitments, provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans. Each Swingline Loan shall bear interest only at a rate based on the Alternate Base Rate. Immediately upon the making of a Swingline Loan, each Revolving Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swingline Lender a risk participation in such Swingline Loan in an amount equal to the product of such Revolving Lender’s Applicable Percentage times the amount of such Swingline Loan.

(b) Borrowing Procedures. Each Swingline Loan shall be made upon the Borrower's notice to the Swingline Lender and the Administrative Agent, which may be given by (A) telephone or (B) a Swingline Loan Notice; provided that any telephonic notice shall be irrevocable and must be confirmed promptly by delivery to the Swingline Lender and the Administrative Agent of a Swingline Loan Notice. Each such notice must be received by the Swingline Lender and the Administrative Agent not later than 1:00 p.m., New York City time, on the requested borrowing date and shall specify (i) the amount to be borrowed, which shall be a minimum of \$100,000, and (ii) the requested borrowing date, which shall be a Business Day. Promptly after receipt by the Swingline Lender of any Swingline Loan Notice, the Swingline Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swingline Loan Notice and, if not, the Swingline Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swingline Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Revolving Lender) prior to 2:00 p.m., New York City time, on the date of the proposed Swingline Loan (A) directing the Swingline Lender not to make such Swingline 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 IV is not then satisfied, then, subject to the terms and conditions hereof, the Swingline Lender will, not later than 3:00 p.m., New York City time, on the borrowing date specified in such Swingline Loan Notice, make the amount of its Swingline Loan available to the Borrower at its office by crediting the account of the Borrower on the books of the Swingline Lender in immediately available funds.

(c) Refinancing of Swingline Loans.

(i) The Swingline Lender at any time in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably authorizes the Swingline Lender to so request on its behalf), that each Revolving Lender make a Revolving Loan in an amount equal to such Revolving Lender's Applicable Percentage of the amount of Swingline Loans then outstanding. Such request shall be made in writing and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of a Revolving Loan Borrowing, but subject to the unutilized portion of the aggregate Revolving Commitment and the conditions set forth in Section 9 of the Effective Date Amendment. The Swingline Lender shall furnish the Borrower with a copy of the applicable written request promptly after delivering such notice to the Administrative Agent. Each Revolving Lender shall make an amount equal to its Applicable Percentage of the amount specified in such written request available to the Administrative Agent in immediately available funds for the account of the Swingline Lender at the Administrative Agent's Office not later than 1:00 p.m., New York City time, on the day specified in such written request, whereupon, subject to Section 2.04(d), each Revolving Lender that so makes funds available shall be deemed to have made a Revolving Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swingline Lender.

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

(iii) If any Revolving Lender fails to make available to the Administrative Agent for the account of the Swingline 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 Swingline 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 Swingline Lender at a rate per annum equal to the greater of the Federal Funds Effective Rate and a rate determined by the Swingline Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swingline 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 Loan included in the relevant Borrowing or funded participation in the relevant Swingline Loan, as the case may be. A certificate of the Swingline Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Revolving Lender's obligation to make Revolving Loans or to purchase and fund risk participations in Swingline Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Revolving Lender's obligation to make Revolving Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swingline Loans, together with interest as provided herein.

(d) Repayment of Participations.

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

(ii) If any payment received by the Swingline Lender in respect of principal or interest on any Swingline Loan is required to be returned by the Swingline Lender under any of the circumstances described in Section 9.08 (including pursuant to any settlement entered into by the Swingline Lender in its discretion), each Revolving Lender shall pay to the Swingline Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swingline Lender at a rate per annum equal to the greater of the Federal Funds Effective Rate and a rate determined by the Swingline Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swingline Lender in connection with the foregoing, such amount to be payable on demand. The Administrative Agent will make such demand upon the request of the Swingline Lender. The obligations of the Lenders under this clause (ii) shall survive the payment in full of the Obligations and the termination of this Agreement.

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

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

Section 2.05 Letters of Credit.

(a) General. On the Effective Date, each Existing Letter of Credit will, automatically and without any action on the part of any Person, be deemed to be a Letter of Credit issued under the revolving credit facility as set forth on Schedule 1.03 hereto for all purposes of this Agreement and the other Loan Documents. Subject to the terms and express conditions set forth herein, the Borrower may request (and the Issuing Bank shall issue) the issuance of Letters of Credit for its own account (or for the account of the Parent or any Subsidiary) in a form reasonably acceptable to the Issuing Bank, at any time and from time to time prior to the end of the Revolving Availability Period.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions.

(i) To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication reasonably acceptable to the Issuing Bank) to the Issuing Bank (except that the Issuing Bank in respect of Existing Letters of Credit shall not issue any additional Letters of Credit, except to the extent that it otherwise becomes or continues as an Issuing Bank hereunder, and, unless agreed by it, shall not be required to amend, renew or extend an Existing Letter of Credit) and the Administrative Agent (not later than 1:00 p.m., New York City time, at least two (2) Business Days in advance (or, with respect to a Letter of Credit to be denominated in an Alternative Currency, at least three (3) Business Days in advance) or a shorter time period if approved by the Issuing Bank in its reasonable discretion, of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the currency in which such Letter of Credit is to be denominated (which shall be in Dollars, Euros or any other Alternative Currency), the name and address of the beneficiary thereof, the documents to be presented by such beneficiary in case of any drawing thereunder, the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder, such other matters as the Issuing Bank may reasonably require and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if, after giving effect to such issuance, amendment, renewal or extension, (i) the LC Exposure shall not exceed the LC Sublimit and (ii) the aggregate Revolving Exposure shall not exceed the aggregate Revolving Commitments.

(ii) Promptly after receipt of any such request pursuant to Section 2.05(b)(i), the Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such request from the Borrower and, if not, the Issuing Bank will provide the Administrative Agent with a copy thereof. Unless the Issuing Bank has received written notice from any Revolving 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 express conditions contained in Section 4.02 shall not then be satisfied, then, subject to the terms and express conditions hereof, the Issuing Bank shall, on the requested date, issue a Letter of Credit for the account of the Borrower (or the Parent or the applicable Subsidiary) or enter into the applicable amendment, as the case may be, in each case in accordance with the Issuing Bank's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Revolving Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Bank a risk participation in such Letter of Credit in an amount equal to the product of such Revolving Lender's Applicable Percentage times the amount of such Letter of Credit.

(iii) The Issuing Bank shall not be under any obligation to issue or renew any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms enjoin or restrain the Issuing Bank from issuing the Letter of Credit, or any law applicable to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon the Issuing Bank with respect to the Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) in each case not in effect on the Closing Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date (for which the Issuing Bank is not otherwise compensated hereunder);

(B) the issuance of such Letter of Credit would violate (x) any laws binding upon or otherwise applicable to the Issuing Bank or (y) one or more policies of the Issuing Bank regarding completion of customary “know your customer” requirements on the beneficiary of such Letter of Credit and any Subsidiary of the Borrower that is a co-applicant for such Letter of Credit;

(C) the applicable Letter of Credit is of the type described in clause (b) of the definition of “Letter of Credit” and the Issuing Bank does not as of the issuance date of the requested Letter of Credit issue Letters of Credit of such type;

(D) the Letter of Credit is to be (x) denominated in a currency other than Dollars, Euros, Sterling, or any other Alternative Currency unless otherwise agreed by the Issuing Bank or (y) such Letter of Credit is a guarantee, indemnity or other instrument issued by a lending office of the Issuing Bank outside of any state, commonwealth or territory of the United States of America or the United Kingdom unless, unless otherwise agreed by such Issuing Bank; and

(E) it is not required to do so pursuant to Section 2.22(c).

(iv) The Issuing Bank shall be under no obligation to amend any Letter of Credit if (A) the Issuing Bank would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(v) The Issuing Bank shall act on behalf of the Revolving Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the Issuing Bank shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article VIII with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and Letter of Credit Application pertaining to such Letters of Credit as fully as if the term “Administrative Agent” as used in Article VIII included the Issuing Bank with respect to such acts or omissions, and (B) as additionally provided herein with respect to the Issuing Bank.

(vi) 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 Issuing Bank will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date that is one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the Letter of Credit Expiration Date, provided if the Borrower so requests in any applicable Letter of Credit Application, the Issuing Bank shall agree to issue a Letter of Credit that has automatic renewal provisions (each, an “Auto-Renewal Letter of Credit”); provided that any such Auto-Renewal Letter of Credit must permit the Issuing Bank to prevent any such renewal at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the “Nonrenewal Notice Date”) in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the Issuing Bank, the Borrower shall not be required to make a specific request to the Issuing Bank for any such renewal. Once an Auto-Renewal Letter of Credit has been issued, the Revolving Lenders shall be deemed to have authorized (but may not require) the Issuing Bank to permit the renewal of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided that the Issuing Bank shall not permit any such renewal if (A) the Issuing Bank has determined that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof (by reason of the provisions of Section 2.05(b)(ii) or otherwise), or (B) it has received notice (which may be by telephone, followed promptly in writing, or in writing) on or before the day that is thirty (30) days before the Nonrenewal Notice Date from the Administrative Agent or any Revolving Lender, as applicable, or the Borrower that one or more of the applicable express conditions specified in Section 4.02 is not then satisfied (or waived), and provided further that, if agreed to by the Issuing Bank in its sole discretion, a Letter of Credit may, upon the request of the Borrower, be renewed for a period beyond the date that is the Revolving Maturity Date if, at the time of such request or such other time as may be agreed by the Issuing Bank, such Letter of Credit has become subject to cash collateralization (at 103% of the face value of such Letter of Credit) or other arrangements satisfactory to the Issuing Bank.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Revolving Lenders, the Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Revolving Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Revolving Lender's Applicable Percentage of (i) each LC Disbursement made by the Issuing Bank in Dollars and (ii) the Dollar Equivalent, using the Exchange Rate in effect on the date such payment is required, of each LC Disbursement made by the Issuing Bank in Euros or other Alternative Currency and, in each case, not reimbursed by the Borrower on the date due as provided in Section 2.05(e), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall honor a Letter of Credit drawing presented under a Letter of Credit, the Borrower shall reimburse such Letter of Credit honored by paying to the Administrative Agent an amount equal to the Dollar Equivalent, calculated using the Exchange Rate when such payment is due, of such LC Disbursement, in Dollars, in each case, not later than 3:00 p.m., New York City time, on the second Business Day succeeding the date on which the Issuing Bank notifies the Borrower in writing of such Letter of Credit honoring or the Applicable Time on the date of any payment by the Issuing Bank under a Letter of Credit to be reimbursed in an Alternative Currency, provided that, if such LC Applicable Disbursement is not less than \$500,000, the Borrower may, subject to the express conditions to borrowing set forth herein, request in accordance with Section 2.03 or Section 2.04 that such payment be financed with a Revolving Loan Borrowing of the same Class or a Swingline Loan in an amount equal to the Dollar Equivalent, calculated using the Exchange Rate on the date when such payment is due, of such LC Disbursement and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Revolving Loan Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, then the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Revolving Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower (such payment from such Revolving Lender to be made on demand 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 Issuing Bank at a rate per annum equal to the greater of the Federal Funds Effective Rate and a rate determined by the Issuing Bank in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by such Issuing Bank in connection with the foregoing), in the same manner as provided in Section 2.06 with respect to Loans made by such Revolving Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lender), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Revolving Lender. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Revolving Lenders and the Issuing Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Repayment of Participations.

(i) At any time after the Issuing Bank has made an LC Disbursement and has received from any Revolving Lender such Revolving Lender's payment in respect of such LC Disbursement pursuant to Section 2.05(e), if the Administrative Agent receives for the account of the Issuing Bank any payment in respect of the related LC Disbursement or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent in accordance with this Agreement), the Administrative Agent will distribute to such Revolving Lender its Applicable 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 the Issuing Bank pursuant to Section 2.05(e) is required to be returned under any of the circumstances described in Section 9.08 (including pursuant to any settlement entered into by the Issuing Bank in its discretion), each Revolving Lender shall pay to the Administrative Agent for the account of the Issuing Bank its Applicable 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 Revolving Lender, at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect. The obligations of the Lenders under this clause (ii) shall survive the payment in full of the Obligations and the termination of this Agreement.

(g) Obligations Absolute. The Borrower's obligations to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, (iv) any adverse change in the relevant exchange rates or in the availability of the relevant Alternative Currency to the Parent or any of its Subsidiaries or in the relevant currency markets generally or (v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder (other than the defense of payment or performance). Neither the Administrative Agent, the Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank, provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of bad faith, gross negligence, material breach of its obligations as an Issuing Bank hereunder, or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction) and compliance by the Issuing Bank with the applicable standards of care set forth in the UCC in the State of New York, the Issuing Bank shall be deemed to have exercised care in each such determination as Issuing Bank. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit, and any such acceptance or refusal shall be deemed not to constitute bad faith, gross negligence or willful misconduct.

(h) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder, provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Revolving Lender with respect to any such LC Disbursement in accordance with Section 2.05(e).

(i) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full as set forth in Section 2.05(e), the unpaid amount thereof shall bear interest, for each day from and including the first Business Day after receipt of notice to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to Section 2.05(e) (after the expiration of any applicable grace period), then Section 2.13(e) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to Section 2.05(e) to reimburse the Issuing Bank shall be for the account of such Revolving Lender to the extent of such payment.

(j) Role of Issuing Bank. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the Issuing Bank shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Issuing Bank, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the Issuing Bank 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 Required Revolving Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Application. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, 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.

(k) Replacement of the Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Revolving Lenders of any replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(c). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(l) Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, the Parent or any Subsidiary, the Borrower shall be obligated to reimburse the applicable Issuing Bank 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 the Parent and/or any Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of the Parent or such Subsidiaries.

(m) Applicability of ISP and UCP. Unless otherwise expressly agreed by the Issuing Bank and the Borrower, when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), the rules of the ISP shall apply to each Letter of Credit.

(n) Conflict with Letter of Credit Application. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any Letter of Credit Application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control, and any grant of a security interest in any form of Letter of Credit Application or other agreement shall be null and void.

(o) Provisions Related to Extended Revolving Commitments. If the maturity date in respect of any tranche of Revolving Commitments occurs prior to the expiration of any Letter of Credit, then (i) if one or more other tranches of Revolving Commitments in respect of which the maturity date shall not have occurred are then in effect, such Letters of Credit shall automatically be deemed to have been issued (including for purposes of the obligations of the Revolving Lenders to purchase participations therein and to make Revolving Loans and payments in respect thereof pursuant to Section 2.05(c)) under (and ratably participated in by Lenders pursuant to) the Revolving Commitments in respect of such non-terminating tranches up to an aggregate amount not to exceed the aggregate principal amount of the unutilized Revolving Commitments thereunder at such time (it being understood that no partial face amount of any Letter of Credit may be so reallocated and no Letter of Credit denominated in an Alternative Currency may be reallocated to Revolving Commitments that do not permit Borrowings in such currency) and (ii) to the extent not reallocated pursuant to immediately preceding clause (i), the Borrower shall Cash Collateralize any such Letter of Credit in accordance with Section 2.05(c) or otherwise backstop such Letter of Credit on terms reasonably satisfactory to the Issuing Bank. If, for any reason, such Cash Collateral is not provided or the reallocation does not occur, the Revolving Lenders under the maturing tranche shall continue to be responsible for their participating interests in the Letters of Credit. Except to the extent of reallocations of participations pursuant to clause (i) of the second preceding sentence, the occurrence of a maturity date with respect to a given tranche of Revolving Commitments shall have no effect upon (and shall not diminish) the percentage participations of the Revolving Lenders in any Letter of Credit issued before such maturity date. Commencing with the maturity date of any tranche of Revolving Commitments, the sublimit for Letters of Credit shall be agreed with the Lenders under the extended tranches.

(p) Addition of an Issuing Bank. A Revolving Lender (or any of its Subsidiaries or Affiliates) may become an additional Issuing Bank hereunder pursuant to a written agreement among the Borrower, the Administrative Agent and such Revolving Lender. The Administrative Agent shall notify the Revolving Lenders of any such additional Issuing Bank.

Section 2.06 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by (i) 11:00 a.m., New York City time, in the case of a Eurocurrency Borrowing denominated in Dollars or an ABR Borrowing for which notice has been provided one Business Day prior to the date of the proposed Borrowing, (ii) 9:00 a.m., New York City time, in the case of any Borrowings denominated in an Alternative Currency, or (iii) 3:00 p.m., New York City time, in the case of an ABR Borrowing (other than as provided in clause (i)), in each case to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders, provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower by wire transfer of the amounts so received, in immediately available funds, to an account of the Borrower, in each case designated by the Borrower in the applicable Borrowing Request, provided that ABR Revolving Loans or Swingline Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(c) shall be remitted by the Administrative Agent to the Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to Section 2.05(c) to reimburse the Issuing Bank, then to such Revolving Lenders and the Issuing Bank as their interests may appear.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption and in its sole discretion, make available to the Borrower a corresponding amount. In such event, after giving effect to the reallocations pursuant to Section 2.22(a)(iv), 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, within five (5) Business Days of written notice, such corresponding amount 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 (i) in the case of such Lender, (A) if such Borrowing is denominated in Dollars, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (B) if such Borrowing is denominated in Euros or other Alternative Currency, the rate reasonably determined in accordance with customary practices by the Administrative Agent to be the cost to it of funding such amount, or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

Section 2.07 Interest Elections.

(a) Each Revolving Loan Borrowing and Term Loan Borrowing initially shall be of the Type specified in the applicable Borrowing Request or designated by Section 2.03 and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request or designated by Section 2.03. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section, provided that the Borrower may not elect to convert any Borrowing denominated in Euros or an Alternative Currency to an ABR Borrowing and may not change the currency of any Borrowing. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Loan Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Loan Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request substantially in the form of Exhibit B and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

- (i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);
- (ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;
- (iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term “Interest Period.”

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender’s portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period (i) if such Borrowing is denominated in Dollars, such Borrowing shall be converted to an ABR Borrowing and (ii) if such Borrowing is denominated in Euros or an Alternative Currency, such Borrowing shall continue as a Eurocurrency Borrowing with an Interest Period of one month. Notwithstanding any contrary provision hereof, if an Event of Default under Section 7.01(a), 7.01(b), 7.01(h) or 7.01(i) has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as such Event of Default is continuing, no outstanding Borrowing may be continued for an Interest Period of more than one month’s duration.

Section 2.08 Termination and Reduction of Commitments.

(a) Unless previously terminated or extended, the Revolving Commitments shall terminate on the Revolving Maturity Date.

(b) The Borrower may at any time, without premium or penalty, terminate, or from time to time reduce, the Commitments of any Class; provided that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of \$1,000,000 and (ii) the Borrower shall not terminate or reduce any Class of Revolving Commitments to the extent that, after giving effect to any concurrent prepayment of the Revolving Loans of such Class in accordance with Section 2.11, the aggregate Revolving Exposure (calculated using the Exchange Rate in effect as of the date of the proposed termination or reduction) of such Class (excluding the portion of the Revolving Exposure attributable to outstanding Letters of Credit if and to the extent that the Borrower has Cash Collateralized (at 103% of the face value of such Letters of Credit) or made other arrangements satisfactory to the Issuing Bank with respect to such Letters of Credit) would exceed the aggregate Revolving Commitments of such Class.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least one Business Day prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable, provided that a notice of termination of the Commitments of any Class delivered by the Borrower may state that such notice is conditioned upon the consummation of an acquisition or sale transaction or upon the effectiveness of other credit facilities or the receipt of proceeds from the issuance of other Indebtedness or any other specified event, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

(d) The Borrower, in its sole discretion, shall have the right, but not the obligation, upon at least one Business Days' notice to a Defaulting Lender (with a copy to the Administrative Agent), to terminate in whole such Defaulting Lender's Commitment; provided that, after giving effect to such termination, the aggregate Revolving Exposure of all Revolving Lenders does not exceed the aggregate Revolving Commitments. Such termination shall be effective with respect to such Defaulting Lender's unused portion of its Commitment on the date set forth in such notice. No termination of the Commitment of a Defaulting Lender shall be deemed a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Bank, the Swingline Lender or any Lender may have against the Defaulting Lender.

Section 2.09 Repayment of Loans; Evidence of Debt.

(a) The Borrower unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10. The Borrower unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan of such Lender made to the Borrower on the Revolving Maturity Date and, to the Swingline Lender, the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least five Business Days after such Swingline Loan is made, provided that on each date that a Revolving Loan Borrowing is made, the Borrower shall repay all Swingline Loans that were outstanding on the date such Borrowing was requested.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender to the Borrower, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder to the Borrower, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein, provided that (i) the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans and pay interest thereon in accordance with the terms of this Agreement and (ii) in the event of any conflict with the Register, the Register shall govern absent manifest error.

(e) Any Lender may request that Loans of any Class made by it be evidenced by a promissory note. In such event, the Borrower shall promptly prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and substantially in the form of the applicable Exhibit F; provided that the delivery of any such note shall not be a condition precedent to any Acquisition or Investment. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to such payee and its registered assigns (and ownership shall at all times be recorded in the Register).

Section 2.10 Amortization of Term Loans.

(a) [reserved].

(b) Subject to adjustment pursuant to Section 2.10(f) and subject to Section 2.11(i) and Section 9.04(b)(vii), the Borrower shall repay the Tranche B-3 Term Loans on the last day of each April, July, October and January, commencing with the first such date to occur following the second full fiscal quarter after the Effective Date, in an aggregate principal amount equal to the product of (x) 0.25% multiplied by (y) the aggregate principal amount of the Tranche B-3 Term Loans outstanding on the Effective Date.

(c) Subject to adjustment pursuant to Section 2.10(f) and subject to Section 2.11(i) and Section 9.04(b)(vii), the Borrower shall repay the Tranche B-4 Term Loans on the last day of each April, July, October and January, commencing with the first such date to occur following the first full fiscal quarter after the First Amendment Effective Date, in an aggregate principal amount equal to the product of (x) 0.625% multiplied by (y) the aggregate principal amount of the Tranche B-4 Term Loans outstanding on the First Amendment Effective Date.

(d) Subject to adjustment pursuant to Section 2.10(f) and subject to Section 2.11(i) and Section 9.04(b)(vii), the Borrower shall repay the Euro Tranche Term Loans on the last day of each April, July, October and January, commencing with the first such date to occur following the second full fiscal quarter after the Effective Date, in an aggregate principal amount equal to the product of (x) 0.25% multiplied by (y) the aggregate principal amount of the Euro Tranche Term Loans outstanding on the Effective Date.

(e) Subject to adjustment pursuant to Section 2.10(f) and subject to Section 2.11(i) and Section 9.04(b)(vii), the Borrower shall repay the Euro Tranche B-1 Term Loans on the last day of each April, July, October and January, commencing with the first such date to occur following the first full fiscal quarter after the First Amendment Effective Date, in an aggregate principal amount equal to the product of (x) 0.625% multiplied by (y) the aggregate principal amount of the Euro Tranche B-1 Term Loans outstanding on the First Amendment Effective Date.

(f) Without limiting the foregoing, to the extent not previously paid, all Initial Term Loans shall be due and payable on the applicable Term Loan Maturity Date.

(g) Any prepayment of a Term Loan Borrowing of any Class shall be applied (i) in the case of prepayments made pursuant to Section 2.11(a) or (c), to reduce the subsequent scheduled repayments of the Term Loan Borrowings of such Class to be made pursuant to this Section as directed by the Borrower (or, in the absence of such direction, to the remaining scheduled installments of principal of such Class in direct order of maturity), or as otherwise provided in any Extension Amendment, any Incremental Facility Amendment or Refinancing Amendment, (ii) in the case of prepayments made pursuant to Section 2.11(c) or Section 2.11(d), to reduce the subsequent scheduled repayments of the Term Loan Borrowings of such Class to be made pursuant to this Section in direct order of maturity, or as otherwise provided in any Extension Amendment, any Incremental Facility Amendment, or Refinancing Amendment, and (iii) in the case of prepayments made pursuant to Section 2.11(k), to reduce the subsequent scheduled repayments of the Term Loan Borrowings of the Tranche B-3 Term Loans and the Euro Tranche Term Loans in direct order of maturity.

(h) Prior to any repayment of any Term Loan Borrowings of any Class hereunder, the Borrower shall select the Borrowing or Borrowings of the applicable Class to be repaid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such election not later than 1:00 p.m., New York City time, on the scheduled date of such repayment. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. Repayments of Term Loan Borrowings shall be accompanied by accrued interest on the amount repaid.

(a) The Borrower shall have the right at any time and from time to time, without premium or penalty (but subject to Section 2.16 and the following sentence), to prepay any Borrowing of any Class in whole or in part, as selected and designated by the Borrower, subject to the requirements of this Section. Each voluntary prepayment of any Loan pursuant to this Section 2.11(a) and mandatory prepayment pursuant to Section 2.11(e) shall be made without premium or penalty except that, in the event that the Borrower makes any voluntary prepayment pursuant to this Section 2.11(a) or a mandatory prepayment pursuant to Section 2.11(e) of Tranche B-4 Term Loans or Euro Tranche B-1 Term Loans, in each case, other than in connection with or as a result of a Change of Control, or any amendment to this Agreement to effectuate a Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each of the applicable Lenders of such Tranche B-4 Term Loans or Euro Tranche B-1 Term Loans, as applicable, a prepayment premium in an amount equal to the Applicable Premium with respect to such respective Class of Tranche B-4 Term Loans or Euro Tranche B-1 Term Loans being so prepaid, repaid or refinanced or the aggregate amount of the applicable Class of Tranche B-4 Term Loans or Euro Tranche B-1 Term Loans assigned by Non-Consenting Lenders in connection with the Repricing Transaction, as applicable. Any such voluntary prepayment shall be applied as specified in Section 2.10(g). Notwithstanding anything to the contrary in this Agreement, (x) after any Extension, the Borrower may voluntarily prepay any Borrowing of any Class of non-extended Term Loans pursuant to which the related Extension Offer was made without any obligation to voluntarily prepay the corresponding Extended Term Loans or may voluntarily prepay any Borrowing of any Extended Term Loans pursuant to which the related Extension Offer was made without any obligation to voluntarily prepay the corresponding non-extended term loans or (y) after the incurrence or issuance of any Incremental Facility, Other Term Loans or Replacement Term Loans, the Borrower may voluntarily prepay any Borrowing of any Initial Term Loans without any obligation to voluntarily prepay any Class of Incremental Term Loans pursuant to any Incremental Facility Amendment, Other Term Loans pursuant to any Refinancing Amendment or pursuant to any Replacement Term Loans, or may voluntarily prepay any Borrowing of any Class of Incremental Term Loans, Other Term Loans or Replacement Term Loans without any obligation to voluntarily prepay the Initial Term Loans.

(b) In the event and on such occasion that the aggregate Revolving Exposures exceed (A) 105% of the aggregate Revolving Commitments solely as a result of currency fluctuations or (B) the aggregate Revolving Commitments (other than as a result of currency fluctuations), the Borrower shall prepay (no later than one (1) Business Day after written notice from the Administrative Agent to the Borrower) Revolving Loan Borrowings or Swingline Loan Borrowings (or, if no such Borrowings are outstanding, deposit cash collateral in an account with the Administrative Agent pursuant to Section 2.23) in an aggregate amount equal to the amount by which the aggregate Revolving Exposures exceed the aggregate Revolving Commitments.

(c) Subject to paragraph (f) of this Section, and unless the Required Lenders otherwise agree, in the event and on each occasion that any Net Proceeds are received by or on behalf of the Parent or any Restricted Subsidiary in respect of any Prepayment Event, the Borrower shall, within thirty (30) days in the case of any Prepayment Event referenced in paragraph (a) or (b) of the definition thereof, or, five (5) Business Days in the case of a Prepayment Event referenced in paragraph (c) of the definition thereof, after such Net Proceeds are received, prepay Term Loans on a pro rata basis (except, as to Extended Term Loans or Term Loans made pursuant to an Incremental Facility Amendment or a Refinancing Amendment, as otherwise set forth in such Extension Amendment, Incremental Facility Amendment or a Refinancing Amendment, or as to a Replacement Term Loan, in each case, which may be prepaid on a less than pro rata basis), in each case in an aggregate amount equal to 100% of the amount of such Net Proceeds (subject to reduction as set forth below); provided that in the case of any such event described in clause (a) or (b) of the definition of the term “Prepayment Event,” if the Parent or any Restricted Subsidiary applies the Net Proceeds from such event (or a portion thereof) within twelve (12) months after receipt of such Net Proceeds (or eighteen (18) months if the Parent or any such Restricted Subsidiary commits to apply such Net Proceeds within such twelve (12) month period pursuant to a contractual arrangement (including pursuant to a letter of intent or commitment letter) to apply) to reinvest such proceeds in assets of the general type used or useful in the business of the Parent and its Restricted Subsidiaries (including in connection with an acquisition), then no prepayment shall be required pursuant to this paragraph in respect of such Net Proceeds except to the extent of any such Net Proceeds therefrom that have not been so applied by the end of the twelve-month (or, eighteen month, if committed to be so applied) period following receipt of such Net Proceeds, at the end of which period a prepayment shall be required in an amount equal to such Net Proceeds that have not been so applied; provided, further, that with respect to any Prepayment Event referenced in paragraph (a) or (b) of the definition thereof, (i) the Borrower shall not be obligated to make any prepayment otherwise required by this paragraph (c) unless and until the aggregate amount of Net Proceeds from all such Prepayment Events, after giving effect to the reinvestment rights set forth herein, exceeds \$45,000,000 (the “Asset Sale Prepayment Trigger”) in any fiscal year of the Parent, but then from all such Net Proceeds in excess of the Asset Sale Prepayment Trigger during such fiscal year and (ii) the Borrower may use a portion of such Net Proceeds to prepay or repurchase Seattle Term Loans, First Lien Senior Secured Notes or any other Indebtedness secured by the Collateral on a *pari passu* basis with the Liens securing the Obligations (the “Other Applicable Indebtedness”) to the extent required pursuant to the terms of the documentation governing such Other Applicable Indebtedness, in which case, the amount of prepayment required to be made with respect to such Net Proceeds pursuant to this Section 2.11(c) shall be deemed to be the amount equal to the product of (x) the amount of such Net Proceeds multiplied by (y) a fraction, the numerator of which is the outstanding principal amount of Term Loans and Seattle Term Loans required to be prepaid pursuant to this paragraph (c) and the denominator of which is the sum of the outstanding principal amount of such Other Applicable Indebtedness required to be prepaid pursuant to the terms of the documents governing such Other Applicable Indebtedness and the outstanding principal amount of Term Loans required to be prepaid pursuant to this paragraph; provided, further, that with respect to any Prepayment Event referenced in paragraph (a) or (b) of the definition thereof, the Borrower shall not be obligated to make, and may retain, 50% of the prepayment otherwise required by this paragraph (c) (any Net Proceeds of a Prepayment Event referenced in paragraph (a) or (b) of the definition thereof not subject to prepayment and retained by the Borrower pursuant to this proviso and the following proviso, the “Retained Asset Sale Proceeds”) to the extent that the First Lien Leverage Ratio, computed on a Pro Forma Basis (including with respect to such Disposition and any prepayment of Indebtedness) as of the Applicable Date of Determination (solely for purposes of this proviso to this Section 2.11(c), at the time of such Disposition and not for any other purpose hereunder, the Net Proceeds of the applicable Disposition shall not be included as unrestricted cash and Cash Equivalents in clause (i) of the definition of “First Lien Leverage Ratio”), is less than or equal to 3.00:1.00; provided, further, that with respect to any Prepayment Event referenced in paragraph (a) or (b) of the definition thereof, the Borrower shall not be obligated to make, and may retain, 100% of the prepayment otherwise required by this paragraph (c) to the extent that the First Lien Leverage Ratio, computed on a Pro Forma Basis (including with respect to such Disposition and any prepayment of Indebtedness) as of the Applicable Date of Determination (solely for purposes of this proviso to this Section 2.11(c), at the time of such Disposition and not for any other purpose hereunder, the Net Proceeds of the applicable Disposition shall not be included as unrestricted cash and Cash Equivalents in clause (i) of the definition of “First Lien Leverage Ratio”), is less than or equal to 2.50:1.00.

(d) Subject to paragraph (f) of this Section 2.11 and unless the Required Lenders otherwise agree, following the end of each fiscal year of the Parent, commencing with the fiscal year of Parent ending October 31, 2019, the Borrower shall prepay, Term Loan Borrowings, in an aggregate amount (the “ECF Prepayment Amount”) equal to (i) the Required Percentage of Excess Cash Flow for such fiscal year, minus (ii) the aggregate principal amount of prepayments (other than prepayments pursuant to Section 2.11(c), (d) or (e), but inclusive of purchases of Loans by the Parent and its Subsidiaries at or below par, in which case the amount of prepayments or Loans shall be deemed not to exceed the actual purchase price of such Loans below par) of Term Loans, Seattle Term Loans (other than prepayments pursuant to Section 2.11(c), (d) or (e), but inclusive of purchases of Loans by the Parent and its Subsidiaries at or below par, in which case the amount of prepayments or, at the option of the Borrower, Loans shall be deemed not to exceed the actual purchase price of such Loans below par), Other Applicable Indebtedness and Revolving Loans (to the extent of, in the case of Revolving Loans, a corresponding Revolving Commitment reduction) made during such fiscal year or the period following the end of such fiscal year and prior to the ECF Due Date; provided that the Borrower may use a portion of such ECF Prepayment Amount to prepay or repurchase the Seattle Term Loans and any term loans incurred as Other Applicable Indebtedness pursuant to “excess cash flow” provisions applicable to such term loans to the extent required pursuant to the terms of the Seattle Credit Agreement and the documentation governing such Other Applicable Indebtedness, in which case, the amount of prepayment required to be made with respect to such ECF Prepayment Amount pursuant to this Section 2.11(d) shall be deemed to be the amount equal to the product of (x) the amount of such ECF Prepayment Amount multiplied by (y) a fraction, the numerator of which is the outstanding principal amount of Term Loans required to be prepaid pursuant to this paragraph (d) and the denominator of which is the sum of the outstanding principal amount of the Seattle Term Loans and such Other Applicable Indebtedness required to be prepaid pursuant to the terms of the Seattle Credit Agreement and the documents governing such Other Applicable Indebtedness and the outstanding principal amount of Term Loans required to be prepaid pursuant to this paragraph; provided, further, that the Borrower shall not be obligated to make any prepayment otherwise required by this paragraph (d) unless and until the ECF Prepayment Amount, after giving effect to the deductions set forth herein, exceeds \$30,000,000 (the “ECF Prepayment Trigger”) in respect of any fiscal year of the Parent, but then from all such amounts in excess of the ECF Prepayment Trigger for such fiscal year. Each prepayment pursuant to this paragraph shall be made not later than the earlier of (A) 125 days after the end of the fiscal year of the Parent with respect to which such prepayment is made and (B) 10 Business Days after the delivery of the financial statements referred to in Section 5.01(a) for the fiscal year with respect to which such prepayment is made (such earlier date, the “ECF Due Date”). All prepayments made pursuant to this Section 2.11(d) shall be applied solely to the outstanding Initial Term Loans (and any Incremental Term Loans, Extended Term Loans or Other Term Loans to the extent provided for in the applicable Incremental Facility Amendment, Extension Amendment or Refinancing Amendment, or in respect of any Replacement Term Loans, provided that the Initial Term Loans receive not less than the pro rata portion of such prepayment unless otherwise agreed).

(e) If the Borrower incurs or issues any (i) Credit Agreement Refinancing Indebtedness permitted to be incurred or issued hereunder (other than a Permitted Refinancing thereof) or (ii) any other Indebtedness not permitted under Section 6.01, the Borrower shall, substantially contemporaneously with such incurrence or issuance pursuant to clause (i) and otherwise within five (5) Business Days, prepay the principal amount of the corresponding Credit Agreement Refinanced Debt (in the case of clause (i)) or each Class of Term Loans on a pro rata basis (in the case of clause (ii)), in each case in accordance with Section 2.11(g) and in an aggregate amount the Dollar Equivalent of which is equal to 100% of the Net Proceeds of such issuance or incurrence (which prepayment of principal shall be accompanied by payment of, provided such Net Proceeds shall be deemed reduced by an amount equal to the, accrued and unpaid interest, premiums and fees and expenses associated with such principal amount prepaid); provided that such prepayment shall be subject to the second sentence of Section 2.11(a).

(f) Notwithstanding any other provisions of this Section 2.11, (i) to the extent that any of or all the Net Proceeds of any Disposition by a Foreign Subsidiary giving rise to a prepayment pursuant to Section 2.11(c) (a “Foreign Disposition”), the Net Proceeds of any Prepayment Event from a Foreign Subsidiary (a “Foreign Prepayment Event”), or Excess Cash Flow would be (x) prohibited or delayed by applicable local law (which, for the avoidance of doubt includes, but is not limited to, financial assistance, corporate benefit, restrictions on upstreaming cash, and the fiduciary and statutory duties of the directors of the relevant subsidiaries), (y) restricted by applicable organizational or constitutive documents or any agreement or (z) subject to other onerous organizational or administrative impediments, from being repatriated to the United States, the portion of such Net Proceeds or Excess Cash Flow so affected will not be required to be applied to repay Term Loans at the times provided in Section 2.11(d) or the Borrower shall not be required to make a prepayment at the times provided in Section 2.11(c), as the case may be, and instead, such amounts may be retained by the applicable Foreign Subsidiary and (ii) to the extent that the Borrower has determined in good faith that repatriation of any of or all the Net Proceeds of any Foreign Disposition, any Foreign Prepayment Event or Excess Cash Flow would have an adverse tax cost consequence with respect to such Net Proceeds or Excess Cash Flow (which for the avoidance of doubt, includes, but is not limited to, any prepayment whereby doing so the Parent or any Restricted Subsidiary or any of their respective affiliates and/or equity partners would incur a tax liability, including a tax dividend, deemed dividend pursuant to Code Section 956 or a withholding tax), the Net Proceeds or Excess Cash Flow so affected may be retained by the applicable Foreign Subsidiary. The non-application of any prepayment amounts as a consequence of the foregoing provisions will not, for the avoidance of doubt, constitute a Default or an Event of Default. Any prepayments made by the Borrower pursuant to Section 2.11(c) or (d) notwithstanding the application of this Section 2.11(f) shall be net of additional Taxes, costs and expenses payable or reserved against as a result thereof (whether or not repatriation actually occurs) and the Parent and its Restricted Subsidiaries shall be permitted to make a Restricted Payment to its equity holders and Affiliates to cover such taxes, costs or expenses to the extent actually paid by such equity holder or Affiliate.

(g) In connection with (i) any optional prepayment of Borrowings hereunder or (ii) any mandatory prepayment of Borrowings hereunder, the Borrower shall, in each case, subject to the provisions of this Section 2.11(g), Section 2.11(k) and Section 2.11(l), select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to Section 2.11(h). The Administrative Agent will promptly notify each Lender holding the applicable Class of Term Loans of the contents of the Borrower’s prepayment notice and of such Lender’s *pro rata* share of the prepayment. Each such Term Loan Lender may reject all (but not less than all) of its *pro rata* share of any mandatory prepayment (such declined amounts, the “Declined Proceeds”) of Term Loans required to be made pursuant to Section 2.11(c) or (d) by providing notice to the Administrative Agent at or prior to the time of such prepayment; provided that for the avoidance of doubt, no Lender may reject any prepayment made with the proceeds of Credit Agreement Refinancing Indebtedness or made as a result of clause (c) of the definition of “Prepayment Event.” Any Declined Proceeds remaining thereafter shall be retained by the Borrower (“Retained Declined Proceeds”).

(h) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment, provided that a notice of optional prepayment may state that such notice is conditional upon the consummation of an acquisition or sale transaction or upon the effectiveness of other credit facilities or the receipt of the proceeds from the issuance of other Indebtedness or the occurrence of any other specified event, in which case such notice of prepayment may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified date) if such condition is not satisfied. Promptly following receipt of any such notice (other than a notice solely to Swingline Lenders), the Administrative Agent shall advise the Lenders of the contents thereof. Except as otherwise provided herein, each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 and any prepayment fees required by Section 2.11(a), to the extent applicable.

(i) Notwithstanding anything to the contrary contained in this Agreement, so long as no Event of Default has occurred and is continuing or would result therefrom, the Parent or any Restricted Subsidiary (in such case, the foregoing being herein referred to as the “Auction Parties” and each, an “Auction Party”) may repurchase outstanding Subject Loans on the following basis:

(A) Such Auction Party may repurchase all or any portion of any Class of (i) Term Loan or (ii) Revolving Loan and Revolving Commitment held by a Revolving Lender that is a Defaulting Lender (such Loans and Revolving Commitments, “Subject Loans”) pursuant to a Dutch Auction (or such other modified Dutch auction conducted pursuant to similar procedures as the Borrower and Administrative Agent may otherwise agree); provided that no proceeds of Revolving Loans shall be used by any Auction Party to repurchase Subject Loans pursuant to such Auction;

(B) Following repurchase by any Auction Party pursuant to this Section 2.11(i), the Subject Loans so repurchased shall, without further action by any Person, be deemed cancelled and/or terminated for all purposes and no longer outstanding (and may not be resold by any Auction Party) or available, for all purposes of this Agreement and the principal amount of the Subject Loans so repurchased shall be applied on a pro rata basis to reduce the scheduled remaining installments of principal on such Class of Term Loans. In connection with any Subject Loans repurchased and cancelled pursuant to this Section 2.11(i), the Administrative Agent is authorized to make appropriate entries in the Register to reflect any such cancellation and/or termination. Any payment made by any Auction Party in connection with a repurchase permitted by this Section 2.11(i) shall not be subject to any of the pro rata payment or sharing requirements of this Agreement. Notwithstanding anything in this Agreement or any other Loan Documents to the contrary, failure by an Auction Party to make any payment to a Lender required by an agreement permitted by this Section 2.11(i) shall not constitute a Default or an Event of Default;

(C) Each Lender that sells its Subject Loans pursuant to this Section 2.11(i) acknowledges and agrees that (i) the Auction Parties may come into possession of additional information regarding the Loans, the Commitments or the Loan Parties at any time after a repurchase has been consummated pursuant to an Auction hereunder that was not known to such Lender or the Auction Parties at the time such repurchase was consummated and that, when taken together with information that was known to the Auction Parties at the time such repurchase was consummated, may be information that would have been material to such Lender's decision to enter into an assignment of such Subject Loans hereunder ("Excluded Information"), (ii) such Lender will independently make its own analysis and determination to enter into an assignment of its Loans or Commitments and to consummate the transactions contemplated by an Auction notwithstanding such Lender's lack of knowledge of Excluded Information and (iii) none of the Auction Parties or any of their respective Affiliates, or any other Person shall have any liability to such Lender with respect to the nondisclosure of the Excluded Information. Each Lender that tenders Loans or Commitments pursuant to an Auction agrees to the foregoing provisions of this clause (C). The Administrative Agent and the Lenders hereby consent to the Auctions and the other transactions contemplated by this Section 2.11(i) and hereby waive the requirements of any provision of this Agreement (including, without limitation, any pro rata payment requirements) (it being understood and acknowledged that purchases of the Loans or Commitments by an Auction Party contemplated by this Section 2.11(i) shall not constitute Investments by such Auction Party) or any other Loan Document that may otherwise prohibit any Auction or any other transaction contemplated by this Section 2.11(i).

(j) Notwithstanding any of the other provisions of this Section 2.11, if any prepayment of Eurocurrency Loans is required to be made under this Section 2.11, prior to the last day of the Interest Period therefor, in lieu of making any payment pursuant to this Section 2.11 in respect of any such Eurocurrency Loan prior to the last day of the Interest Period therefor, the Borrower may, in its sole discretion, deposit with the Administrative Agent in the currency in which such Loan is denominated the amount of any such prepayment otherwise required to be made hereunder until the last day of such Interest Period, at which time the Administrative Agent shall be authorized (without any further action by or notice to or from the Borrower or any other Loan Party) to apply such amount to the prepayment of such Loans in accordance with this Section 2.11. Such deposit shall constitute cash collateral for the Eurocurrency Loans to be so prepaid; provided that the Borrower may at any time direct that such deposit be applied to make the applicable payment required pursuant to this Section 2.11.

(k) If the Seattle Acquisition is not consummated (x) within four (4) Business Days after the Effective Date as a result of trading generally having been suspended or materially limited on the London Stock Exchange (or, if earlier, the first day on which the London Stock Exchange is open for trading following such suspension or material limitation on trading) or (y) if otherwise, within one (1) Business Day after the Effective Date (such applicable date in clause (x) or (y), the "Applicable Acquisition Consummation Deadline"), unless the Required Lenders otherwise agree, subject to the terms of the following provisions, the Borrower shall prepay the Tranche B-3 Term Loans and the Euro Tranche Term Loans, without premium or penalty, at the issue price thereof (for the avoidance of doubt, net of any original issue discount or upfront fees) plus accrued and unpaid interest thereon on the date that is one (1) Business Day following the Applicable Acquisition Consummation Deadline unless the Seattle Acquisition has already been consummated prior to the making of such prepayment on such date; provided that the Borrower shall only be required to make the prepayment (for the avoidance of doubt, net of any original issue discount or upfront fees) otherwise required by this paragraph (k) with respect to \$384,800,000 aggregate principal amount of the Tranche B-3 Term Loans and Euro Tranche Term Loans to the extent that the First Lien Leverage Ratio, computed on a Pro Forma Basis (including with respect to any prepayment of Indebtedness) as of the Applicable Date of Determination is less than or equal to 3.30:1.00. Any prepayment pursuant to this paragraph (k) shall be applied pro rata to the Tranche B-3 Term Loans and the Euro Tranche Term Loans and shall be made to the Lenders under such Classes of Term Loans on a pro rata basis.

(l) Application of Prepayment by Type of Term Loans. In connection with any voluntary prepayments by the Borrower pursuant to Section 2.11(a), any voluntary prepayment thereof shall be applied first to ABR Loans to the full extent thereof before application to Eurocurrency Rate Loans, in each case in a manner that minimizes the amount of any payments required to be made by the Borrower pursuant to Section 2.16. In connection with any mandatory prepayments by the Borrower of the Term Loans pursuant to Section 2.11, such prepayments shall be applied on a pro rata basis to the then outstanding Term Loans being prepaid irrespective of whether such outstanding Term Loans are ABR Loans or Eurocurrency Rate Loans; provided that if no Lenders exercise the right to waive a given mandatory prepayment of the Term Loans pursuant to Section 2.11(g), then, with respect to such mandatory prepayment, the amount of such mandatory prepayment shall be applied first to Term Loans that are ABR Loans to the full extent thereof before application to Term Loans that are Eurocurrency Rate Loans in a manner that minimizes the amount of any payments required to be made by the Borrower pursuant to Section 2.16.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender, in accordance with its Applicable Percentage of Revolving Commitments, a commitment fee, which shall accrue at a rate per annum equal to 0.50% on the actual daily unused amount of the Revolving Commitment of such Lender during the period from and including the Closing Date to, but excluding, the date on which the Revolving Commitments terminate, subject to adjustment as provided in Section 2.22; provided that the commitment fee shall accrue at a rate per annum equal to 0.375% if the First Lien Leverage Ratio as of the end of the fiscal quarter of Parent for which consolidated financial statements and a Compliance Certificate have theretofore been most recently delivered pursuant to Section 5.01(a) or 5.01(b) is less than or equal to 3.00 to 1.00. For purposes of the foregoing, each change in the commitment fee resulting from a change in the First Lien Leverage Ratio shall be effective during the period commencing on and including the Business Day following the date of delivery to the Administrative Agent pursuant to Section 5.01(a) or 5.01(b) of the consolidated financial statements and related Compliance Certificate indicating such change and ending on the date immediately preceding the effective date of the next such change (and, at the option of the Required Revolving Lenders, commencing upon written notice to the Borrower, such commitment fee shall be 0.50% if the Borrower fails to deliver the consolidated financial statements required to be delivered pursuant to Section 5.01(a) or 5.01(b) or any Compliance Certificate required to be delivered pursuant hereto, within the time periods specified herein for such delivery until the delivery thereof). In the event that a Compliance Certificate is shown to be inaccurate at any time and such inaccuracy, if corrected, would have led to a higher commitment fee for any period (an “Applicable Period”) than the commitment fee applied for such Applicable Period, then (i) the Borrower shall, upon obtaining knowledge promptly deliver to the Administrative Agent a correct Compliance Certificate for such Applicable Period, (ii) the commitment fee shall be determined by reference to the corrected Compliance Certificate for such Applicable Period, and (iii) the Borrower shall pay to the Administrative Agent no later than five (5) Business Days after written demand any additional fees owing as a result of such increased commitment fee for such Applicable Period, which payment shall be promptly applied by the Administrative Agent in accordance with the terms hereof. Notwithstanding anything to the contrary in this Agreement, any additional commitment fee hereunder shall not be due and payable until written demand is made for such payment pursuant to this paragraph and accordingly, any nonpayment of such interest as a result of any such inaccuracy shall not constitute a Default or Event of Default (whether retroactively or otherwise), and no such amounts shall be deemed overdue (and no amounts shall accrue interest at the Default Rate), at any time prior to the date that is five (5) Business Days following such written demand. Accrued commitment fees shall be payable in arrears on the third Business Day following the last day of April, July, October and January of each year and on the date on which the Revolving Commitments terminate, commencing on the first such date to occur after the Effective Date; provided that no commitment fee shall accrue on the Revolving Commitment of a Defaulting Lender so long as such Lender shall be a Defaulting Lender. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) [Reserved].

(c) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Margin used to determine the interest rate applicable to Eurocurrency Revolving Loans on the actual daily amount of such Revolving Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Closing Date, to but excluding the date on which such Revolving Lender's Revolving Commitment terminates, and (ii) to the Issuing Bank a fronting fee in Dollars, which shall accrue at a rate equal to 0.125% per annum on the actual daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Closing Date, to but excluding the date of termination of the Revolving Commitments, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued to and excluding the last day of April, July, October and January of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date, provided that all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 30 days after written demand (including reasonable supporting documents). All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(d) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(e) All fees payable hereunder shall be paid by the Borrower on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

Section 2.13 Interest.

(a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Margin.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted Eurocurrency Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee payable by the Borrower hereunder is not paid when due (after the expiration of any applicable grace period), whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2.00% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section (including the Applicable Margin) or (ii) in the case of any other amount, 2.00% plus the rate applicable to ABR Revolving Loans as provided in paragraph (a) of this Section; provided that no default rate shall accrue on the Loans of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the applicable Revolving Commitments, provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on written demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan or Swingline Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate or Sterling shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted Eurocurrency Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.14 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing denominated in any currency:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted Eurocurrency Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted Eurocurrency Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give written notice thereof to the Borrower and the Lenders or as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing denominated in such currency to, or continuation of any Borrowing denominated in such currency as, a Eurocurrency Borrowing in such currency shall be ineffective, and any Eurocurrency Borrowing denominated in such currency that is requested to be continued (A) if such currency is the Dollar, shall be converted to an ABR Borrowing on the last day of the Interest Period applicable thereto and (B) if such currency is Euros or other Alternative Currency, shall (1) in the case of a Revolving Loan Borrowing, at the option of Borrower, either be repaid on the last day of the Interest Period applicable thereto or bear interest at such rate as the Administrative Agent shall determine adequately and fairly reflects the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period plus the applicable percentage set forth in the definition of “Applicable Margin” under the applicable row under the column “Eurocurrency Loan”, and (2) in the case of a Term Loan Borrowing, bear interest at such rate as the Administrative Agent shall determine adequately and fairly reflects the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period plus the applicable percentage set forth in the definition of “Applicable Margin” under the applicable row under the column “Eurocurrency Loan” and (ii) if any Borrowing Request requests a Eurocurrency Borrowing denominated in such currency, (A) if such currency is the Dollar, such Borrowing shall be made as an ABR Borrowing and (B) if such currency is Euros, such Borrowing Request shall be ineffective.

Section 2.15 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or the Issuing Bank (except any such reserve requirement reflected in the Adjusted Eurocurrency Rate);

(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense affecting this Agreement or Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein (except, in each case, for Indemnified Taxes indemnifiable under Section 2.17 and any Excluded Taxes); or

(iii) subject any Lender or the Issuing Bank to any additional Taxes of any kind whatsoever with respect to this Agreement or any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except, in each case, for Indemnified Taxes indemnifiable under Section 2.17 and any Excluded Taxes);

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

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

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within 30 days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 120 days prior to the date that such Lender or the Issuing Bank, 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 the Issuing Bank's intention to claim compensation therefor, and provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 120-day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.16 Break Funding Payments. In the event of (a) the payment by the Borrower of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion by the Borrower of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure by the Borrower to borrow, convert into, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(h) and is revoked in accordance therewith) or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19 or Section 9.02(c), then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event (other than loss of profit). In the case of a Eurocurrency Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted Eurocurrency Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate that such Lender would bid were it to bid, at the commencement of such period, for Dollar deposits or Euro deposits, as applicable, of a comparable amount and period from other banks in the Eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any costs incurred more than 120 days prior to the date of the event giving rise to such costs.

Section 2.17 Taxes.

(a) Each payment by or on account of any Loan Party under any Loan Document shall be made without withholding for any Taxes, unless such withholding is required by any Requirement of Law. If any applicable withholding agent is so required to withhold Taxes, then such withholding agent shall so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with any applicable law. To the extent such Taxes are Indemnified Taxes, then the amount payable by the applicable Loan Party shall be increased as necessary so that, net of such withholding for Indemnified Taxes (including such withholding applicable to additional amounts payable under this Section 2.17), the applicable Recipient receives the amount it would have received had no such withholding been made.

(b) In addition, each Loan Party shall pay any Other Taxes imposed on it to the relevant Governmental Authority in accordance with applicable law.

(c) As promptly as possible after any payment of Indemnified Taxes by a Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment.

(d) Without duplication of their obligations under Section 2.17(a), the Loan Parties shall indemnify each Recipient for the full amount of any Indemnified Taxes that are paid or payable by such Recipient in connection with any Loan Document (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17) or for which such Loan Party has failed to remit to the Administrative Agent the required receipts or other required documentary evidence and any reasonable third party expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted; provided, however, that if a Recipient does not notify the Loan Parties of any indemnification claim under this Section 2.17(d) within 120 days after such Recipient has received written notice of the claim of a taxing authority giving rise to such indemnification claim, the Loan Parties shall not be required to indemnify such Recipient for any incremental interest or penalties resulting from such Recipient's failure to notify the Loan Parties within such 120-day period. The indemnity under this paragraph (d) shall be paid within 30 days after the Recipient (or the Administrative Agent, on behalf of such Recipient) delivers to the applicable Loan Party a certificate stating the amount of Indemnified Taxes so payable by such Recipient. Such certificate shall be conclusive of the amount so payable absent manifest error. Such Recipient shall deliver a copy of such certificate to the Administrative Agent.

(e) (i) Any Lender that is entitled to an exemption from, or reduction of, any applicable withholding Tax with respect to any payments under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by law or 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, or at a reduced rate of, withholding. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by 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 U.S. backup withholding or information reporting requirements, or any other U.S. or non-U.S. withholding requirements. Upon the reasonable request of the Borrower or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.17(e). If any form or certification previously delivered pursuant to this Section 2.17(e) expires or becomes obsolete or inaccurate in any respect with respect to a Lender, such Lender shall promptly (and in any event within 10 days after such expiration, obsolescence or inaccuracy) notify the Borrower and the Administrative Agent in writing of such expiration, obsolescence or inaccuracy and update the form or certification if it is legally eligible to do so.

(ii) [Reserved].

(iii) If a payment made to any Lender would be subject to U.S. federal withholding Tax imposed under FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Sections 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and Administrative Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such other documentation reasonably requested by the Borrower and Administrative Agent requested by the Administrative Agent and the Borrower as may be necessary for the Administrative Agent and the Borrower to comply with their obligations under FATCA, to determine whether such Lender has or has not complied with such Lender's FATCA obligations and to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments after the date of this Agreement.

(iv) Notwithstanding any other provision of this clause (e), a Lender shall not be required to deliver any form that such Lender is not legally eligible to deliver.

(f) If any Recipient determines, in its sole discretion (in good faith), that it has received a refund of any Indemnified Taxes as to which it has been indemnified pursuant to this Section 2.17 (including additional amounts paid by any Loan Party pursuant to this Section 2.17), it shall promptly pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.17 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including any Taxes) of such Recipient and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of such Recipient, shall repay to such Recipient the amount paid to such indemnifying party pursuant to the previous sentence (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such Recipient is required to repay such refund to such Governmental Authority. This Section 2.17(f) 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) On or before the date it becomes a party to this Agreement, any successor or supplemental Administrative Agent that is a U.S. Person shall deliver to the Borrower two duly completed copies of IRS Form W-9, or any subsequent versions or successors to such form, certifying that such Administrative Agent is exempt from U.S. federal backup withholding. Notwithstanding anything to the contrary, nothing in this Section 2.17(g) shall require any successor or supplemental Administrative Agent to deliver any form that it is not legally eligible to deliver as a result of any Change in Law after the date hereof.

(h) For the avoidance of doubt, for purposes of this Section 2.17, the term “Lender” includes any Issuing Bank and any Swingline Lender.

Section 2.18 Payments Generally; Pro Rata Treatment; Sharing of Setoffs.

(a) The Borrower shall make each payment required to be made by it under any Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, Section 2.16, Section 2.17 or otherwise) prior to the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 2:00 p.m., New York City time, or, in the case of payments denominated in an Alternative Currency, 9:00 a.m., New York time), on the date when due, in immediately available funds, without setoff or counterclaim. Except as otherwise expressly provided herein and except with respect to principal of and interest on Loans denominated in an Alternative Currency, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent’s Office in Dollars and in same day funds not later than 2:00 p.m., New York City time, on the date specified herein. Except as otherwise expressly provided herein, all payments by the Borrower hereunder with respect to principal and interest on Loans denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent’s Office in such Alternative Currency and in same day funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. If, for any reason, the Borrower is prohibited by any Requirement of Law from making any required payment hereunder in an Alternative Currency, the Borrower shall make such payment in Dollars in the Dollar Equivalent of the Alternative Currency. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent’s Office, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Section 2.11(i), Section 2.12(d), Section 2.15, Section 2.16, Section 2.17 and Section 9.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. Unless otherwise provided herein, if any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document of principal or interest in respect of any Loan (or of any breakage indemnity in respect of any Loan) shall be made in the currency of such Loan and, except as otherwise set forth in any Loan Document, all other payments under each Loan Document shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If, other than as provided elsewhere herein, any Lender shall, by exercising any right of setoff or counterclaim, obtain payment in respect of any principal of or interest on any of its Revolving Loans, Term Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans, Term Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans, Term Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans of the applicable Class, Term Loans of the applicable Class and participations in LC Disbursements of the applicable Class and Swingline Loans, provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to (v) any payment or prepayment made by or on behalf of the Borrower or any other Loan Party 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), (w) the application of Cash Collateral provided in Section 2.23 from time to time (including the application of funds arising from the existence of a Defaulting Lender), (x) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant or the termination of any Lender's commitment and non-pro rata repayment of Loans pursuant to Section 2.19(b), (y) transactions in connection with an open market purchase or a Dutch Auction, or (z) in connection with a transaction pursuant to an Extension Offer, Refinancing Amendment or Incremental Facility Amendment or amendment in connection with Refinanced Term Loans. For the avoidance of doubt, this Section shall not limit the ability of the Parent or any Restricted Subsidiary to (i) purchase and retire Term Loans pursuant to an open market purchase or a Dutch Auction or (ii) pay principal, fees, premiums and interest with respect to Other Revolving Loans, Other Term Loans, Refinanced Term Loans, Extended Term Loans, Replacement Term Loans, Extended Revolving Loans and Extended Revolving Commitments, Incremental Revolving Loans and Incremental Revolving Commitments or Incremental Term Loans following the effectiveness of any Refinancing Amendment, any Extension Offer or Incremental Facility Amendment, as applicable, on a basis different from the Loans of such Class that will continue to be held by Lenders that were not Additional Refinancing Lenders, Extending Lenders or Additional Lenders or Incremental Revolving Lenders, as applicable.

(d) 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 Issuing Bank 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 and in its sole discretion, distribute to the Lenders or the Issuing Bank, 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 Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), Section 2.05(d) or (e), Section 2.06 (a) or (b), Section 2.18(d) or Section 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.19 Mitigation Obligations; Replacement of Lender

(a) If any Lender requests compensation under Section 2.15 or Section 2.17, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or Section 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not be inconsistent with its internal policies or otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15 or Section 2.17, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender ceases to make Eurocurrency Loans as a result of any of the conditions in Section 2.14 or Section 2.15, or if 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, (1) terminate the unused Commitment of such Lender and/or repay the Loans of such Lender on a non-pro rata basis, or (2) require such Lender (and such Lender shall be obligated) to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that (i) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in LC Disbursements and Swingline Loans and, other than in the case of a Defaulting Lender, 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 (ii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments.

(c) Any Lender being replaced pursuant to Section 2.19(b) or Section 9.02(c) shall (i) execute and deliver an Assignment and Assumption with respect to such Lender's Commitment and outstanding Loans and participations in LC Disbursements and Swingline Loans, as applicable (provided that the failure of any such Lender to execute an Assignment and Assumption shall not render such assignment invalid and such assignment shall be recorded in the Register) and (ii) deliver Notes, if any, evidencing such Loans to the Borrower or Administrative Agent. Pursuant to such Assignment and Assumption, (A) the assignee Lender shall acquire all or a portion, as the case may be, of the assigning Lender's Commitments and outstanding Loans and participations in LC Disbursements and Swingline Loans, as applicable, (B) all obligations of the Loan Parties owing to the assigning Lender relating to the Loan Documents and participations so assigned shall be paid in full by the assignee Lender or the Loan Parties (as applicable) to such assigning Lender concurrently with such assignment and assumption, any amounts owing to the assigning Lender (other than a Defaulting Lender) under Section 2.16 as a consequence of such assignment and (C) upon such payment and, if so requested by the assignee Lender, the assignor Lender shall deliver to the assignee Lender the appropriate Note or Notes executed by the Borrower, the assignee Lender shall become a Lender hereunder and the assigning Lender shall cease to constitute a Lender hereunder with respect to such assigned Loans, Commitments and participations, except with respect to indemnification provisions under this Agreement, which shall survive as to such assigning Lender.

(a) At any time and from time to time prior to the Latest Maturity Date, subject to the terms and express conditions set forth herein, the Borrower may by no less than three (3) Business Days' prior notice to the Administrative Agent (or such lesser number of days reasonably acceptable to the Administrative Agent), request to add one or more new credit facilities (each, an "Incremental Facility") denominated, at the option of such Borrower, in Dollars, Euros and/or any Alternative Currency, and consisting of one or more additional tranches of term loans or an increase to an existing Class of Term Loans (each, an "Incremental Term Facility") or one or more additional tranches of revolving commitments or an increase in an existing Class of Revolving Commitments (each, an "Incremental Revolving Facility"), or a combination thereof, so long as (i) immediately before and after giving effect to each Incremental Facility Amendment and the applicable Incremental Facility, no Event of Default has occurred and is continuing or would result therefrom (or to the extent the proceeds of any Incremental Loans are being used to finance a Permitted Acquisition or other permitted Investment, no Event of Default under Section 7.01(a), 7.01(b), 7.01(h) or 7.01(i) has occurred and is continuing at the time of execution of a binding agreement in respect of such Acquisition or Investment and subject to customary "SunGard" limitations), and (ii) subject to the provisos to this sentence, immediately after giving effect to each Incremental Facility Amendment and the establishment of such Incremental Facility (or, at the option of the Borrower, (x) in the case of any Incremental Commitment established and not funded at such time, at the time of the initial funding of such Incremental Facility in lieu of the time at the time of such Incremental Facility Amendment) and/or (y) after giving effect to any acquisition or investment consummated or contemplated pursuant to an agreement in connection herewith, the First Lien Leverage Ratio computed on a Pro Forma Basis (but without giving effect to any Unrestricted Incremental First Lien Indebtedness or Unrestricted Additional Term Notes established and/or funded at such time) shall not be greater than 3.50:1.00 (such indebtedness, "Incurrence Incremental First Lien Indebtedness") (assuming, solely for purposes of this Section 2.20 at the time of entering into such Incremental Facility Amendment or funding of such Incremental Facility, as applicable, as elected by the Borrower, and not for any other provision hereunder, that (I) all Incremental Facilities and all Additional Term Notes, in each case established and/or issued on or prior to such time are secured on a first Lien basis, whether or not so secured, (II) all Incremental Revolving Facilities and Incremental Term Facilities consisting of delayed draw term loans established but not funded at such time are fully drawn and (III) the proceeds of such Incremental Loans are not included as unrestricted cash and Cash Equivalents in clause (i) of the definition of "First Lien Leverage Ratio"; provided that to the extent the proceeds of such Incremental Loans are to be used to prepay Indebtedness, the use of such proceeds for the prepayment of such Indebtedness may be given pro forma effect); provided further that the financial incurrence test set forth in clause (ii) of this paragraph (a) shall not apply to the incurrence of an aggregate principal amount of Indebtedness under Incremental Facilities and Unrestricted Additional Term Notes after the Effective Date not to exceed an amount equal to the sum of (x) the Dollar Equivalent (calculated using the Exchange Rate on the date of effectiveness of such Incremental Facility Amendment and Incremental Facility) of which equals \$750,000,000 less any amounts incurred in reliance on Section 6.01(a)(xxxii)(a)(1) or in reliance on clause (x) of the definition of Unrestricted Incremental First Lien Indebtedness in the Seattle Credit Agreement (provided that the maximum amount deducted pursuant to this clause (x) shall not exceed \$750,000,000) plus (y) the amount of any voluntary prepayments (or repurchases) of the Term Loans and voluntary permanent reductions of the Revolving Commitments effected after the Effective Date and the amount of any voluntary prepayments (or repurchases) of the Seattle Term Loans, First Lien Senior Secured Notes or any other Indebtedness secured by the Collateral on a pari passu basis with the Liens securing the Obligations effected after the Effective Date (minus any amounts incurred in reliance on Section 6.01(a)(xxxii)(a)(2) or in reliance on clause (y) of the definition of "Unrestricted Incremental First Lien Indebtedness" in the Seattle Credit Agreement) (other than, in each case, any such prepayments or repurchases financed with the proceeds of long-term Indebtedness (other than revolving Indebtedness)) (such Indebtedness in clauses (x) and (y), collectively, the "Unrestricted Incremental First Lien Indebtedness") (it being understood and agreed that unless notified by the Borrower (I) the Borrower shall be deemed to have utilized amounts of the type described in clause (y) of the Unrestricted Incremental First Lien Indebtedness prior to the utilization of amounts under clause (x) of the Unrestricted Incremental First Lien Indebtedness and Incurrence Incremental First Lien Indebtedness, and the Borrower shall be deemed to have used Incurrence Incremental First Lien Indebtedness, (to the extent compliant therewith) prior to utilization of amounts of the type described in clause (x) of the Unrestricted Incremental First Lien Indebtedness (it being understood and agreed that amounts incurred concurrently with the incurrence of Unrestricted Incremental First Lien Indebtedness or Unrestricted Additional Term Notes shall be permitted to exceed 3.50:1.00), (II) Loans may be incurred in respect of both Incurrence Incremental First Lien Indebtedness and Unrestricted Incremental First Lien Indebtedness, and the proceeds from any such incurrence in respect of both Incurrence Incremental First Lien Indebtedness and Unrestricted Incremental First Lien Indebtedness, may be utilized in a single transaction by first calculating the incurrence in respect of Incurrence Incremental First Lien Indebtedness above and then calculating the incurrence in respect of Unrestricted Incremental First Lien Indebtedness and (III) the Borrower may redesignate any such Indebtedness originally designated as Unrestricted Incremental First Lien Indebtedness as Incurrence Incremental First Lien Indebtedness if, at the time of such redesignation, the Borrower would be permitted to incur under this Section 2.20 the aggregate principal amount of Indebtedness being so redesignated (for purposes of clarity, with any such redesignation having the effect of increasing the Borrowers' ability to incur Unrestricted Incremental First Lien Indebtedness as of the date of such redesignation by the amount of such Indebtedness so redesignated) in respect of Unrestricted Incremental First Lien Indebtedness. Each Incremental Facility shall be in an integral multiple of \$1,000,000 (or, in the case of Incremental Facilities denominated in Euros, €1,000,000) and be in an aggregate principal amount that is not less than \$25,000,000 (or, in the case of Incremental Facilities denominated in Euros, €25,000,000), provided that such amount may be less than \$25,000,000 (or €25,000,000, as the case may be) if such amount represents all the remaining availability under the aggregate principal amount of Incremental Facilities set forth above.

(b) Each Incremental Term Facility (i) if made a part of an existing Class of Term Loans, shall have terms identical to those applicable to such Class of Term Loans or (ii) if consisting of an additional tranche of term loans shall have such terms as determined by the Borrower and the lenders providing such Incremental Term Facility; provided that (A) such Incremental Term Facility shall rank pari passu or junior in right of payment and/or security with the Term Loans hereunder or be unsecured, and if junior in right of payment and/or security or is unsecured, shall be established as a separate facility than the facility for the Term Loans secured with the Collateral securing the Initial Term Loans, (B) no Restricted Subsidiary is a borrower or a guarantor with respect to such Indebtedness unless such Restricted Subsidiary is a Loan Party which shall have previously or substantially concurrently guaranteed or borrowed, as applicable, the Obligations, (C) if secured, the obligations in respect thereof shall not be secured by Liens on the assets of the Parent and the Restricted Subsidiaries, other than assets constituting Collateral, as applicable, and if established as a separate facility, shall be subject to (x) if such Term Loans are secured on a pari passu basis with the Obligations, the Senior Representative for such Term Loans shall enter into the Pari Passu Intercreditor Agreement or other customary intercreditor agreement and (y) if such Term Loans are secured on a junior basis to the Obligations, the Senior Representative for such Term Loans shall enter into a Second Lien Intercreditor Agreement or other customary intercreditor agreement, in each case with the Administrative Agent's and/or Collateral Agent substantially consistent with the terms set forth on Exhibit K-1 or K-2 annexed hereto together with (I) any immaterial changes and (II) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be pari passu with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are pari passu with, or junior in priority to, other Liens that are junior to the Liens securing the Obligations), (D) no Incremental Term Facility shall have a final maturity date earlier than the then existing Latest Maturity Date with respect to the Initial Term Loans; provided that this clause (D) shall not restrict the issuance or incurrence by the Parent or any of its Restricted Subsidiaries after the Effective Date of up to \$1,700,000,000 aggregate principal amount of Additional Debt, Additional Term Notes, Unrestricted Additional Term Notes, Incremental Term Loans, Seattle Additional Debt, Seattle Additional Term Notes, Seattle Unrestricted Additional Term Notes and Seattle Incremental Term Loans having a final maturity date that is prior to the Latest Maturity Date with respect to the Initial Term Loans so long as such final maturity date is at least five years from the date of such issuance or incurrence, (E) no Incremental Term Facility shall have a Weighted Average Life to Maturity that is shorter than the Weighted Average Life to Maturity of the then-remaining Initial Term Loans (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of such Class of Term Loans); provided that this clause (E) shall not restrict the issuance or incurrence by the Parent or any of its Restricted Subsidiaries after the Effective Date of up to \$1,700,000,000 aggregate principal amount of Additional Debt, Additional Term Notes, Unrestricted Additional Term Notes, Incremental Term Loans, Seattle Additional Debt, Seattle Additional Term Notes, Seattle Unrestricted Additional Term Notes and Seattle Incremental Term Loans having Weighted Average Life to Maturity shorter than the remaining Weighted Average Life to Maturity of the Initial Term Loans (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Term Loans) so long as such debt does not require annual amortization or similar regularly scheduled prepayments in excess of 10% of the original amount of such debt at issuance or incurrence in any year, (F) for purposes of mandatory prepayments, shall be treated no more favorably than the Initial Term Loans of the Borrower except those that only apply after the then existing Latest Maturity Date with respect to Initial Term Loans, (G) the pricing, interest rate margins, discounts, premiums, rate floors and fees applicable to any Incremental Term Facility shall be determined by the Borrower and the Lenders providing such Incremental Term Loans; provided that solely in the event that the Yield for any Incremental Term Loans secured on a pari passu basis with the Initial Term Loans (other than (i) Incremental Term Loans incurred in reliance on clause (y) of the definition of Unrestricted Incremental First Lien Indebtedness (except if the capacity under clause (y) results from prepayments made with the proceeds of indebtedness which is pari passu in right of payment and security with the Term Loans (other than the Revolving Loans)) and (ii) any Additional Term Notes) is higher than the Yield for the Tranche B-3 Term Loans, Tranche B-4 Term Loans, Euro Tranche Term Loans and Euro Tranche B-1 Term Loans by more than 50 basis points in the case such applicable Class of Initial Term Loans, then the Applicable Margin for the Tranche B-3 Term Loans, Tranche B-4 Term Loans, Euro Tranche Term Loans or Euro Tranche B-1 Term Loans, as applicable, shall be increased to the extent necessary so that the Yield for such Classes of Term Loans is equal to the Yield for such Incremental Term Loans minus 50 basis points, and (H) other terms may differ and shall be determined by the Borrower and the lenders providing such Incremental Term Loans; provided, however, the covenants and events of default of such Incremental Term Loans, if not consistent with the terms of the Initial Term Loans, shall not be materially more restrictive to the Borrower (as determined in good faith by the Borrower), when taken as a whole, than the terms of the Initial Term Loans unless (x) the Lenders of the Initial Term Loans receive the benefit of such more restrictive terms or (y) any such provisions apply after the Term Loan Maturity Date.

(c) Each Incremental Revolving Facility (i) if made a part of an existing tranche of Revolving Commitments shall have terms identical to those applicable to such Class of Revolving Commitments or (ii) if consisting of an additional Class of revolving loans and commitments shall be subject to substantially the same terms as the Initial Revolving Commitments (other than pricing, fees, maturity and other immaterial terms which shall be determined by the Borrower and the lenders providing such Incremental Revolving Facility); provided that no Incremental Revolving Facility shall have a final maturity date earlier than the then existing Latest Maturity Date with respect to the Initial Revolving Commitments.

(d) Each notice from the Borrower pursuant to this Section shall set forth the requested amount and proposed terms of the relevant Incremental Facility. Any additional bank, financial institution, existing Lender or other Person that elects to provide Commitments under an Incremental Facility shall be reasonably satisfactory to the Borrower and, in the case of any Incremental Revolving Facility and, to the extent such consent would be required for an assignment of such Loans or Commitments pursuant to Section 9.04, the Issuing Bank and the Swingline Lender (such consent not to be unreasonably withheld, delayed or conditioned) (any such bank, financial institution, existing Lender or other Person being called an “Additional Lender”) and, if not already a Lender, shall become a Lender under this Agreement pursuant to an amendment (an “Incremental Facility Amendment”) to this Agreement and, as appropriate, the other Loan Documents, executed by the Parent, Holdco, the Borrower, such Additional Lender (in the case of this Agreement and, as appropriate, any other Loan Document, as applicable) (and to the extent it directly and adversely affects the rights or duties of the Administrative Agent and/or the Collateral Agent, the Administrative Agent and/or the Collateral Agent, as applicable); provided that in the event an Incremental Facility Amendment is effected without the consent of the Administrative Agent and to which the Administrative Agent is not a party, the Borrower shall furnish a copy of such Incremental Facility Amendment to the Administrative Agent. No Lender shall be obligated to provide any Commitments under an Incremental Facility, unless it so agrees. Commitments in respect of any Incremental Facilities shall become Commitments under this Agreement. An Incremental Facility Amendment may, without the consent of any other Lenders, effect such amendments to any Loan Documents as may be necessary, advisable or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section (including to provide for voting provisions applicable to the Additional Lenders comparable to the provisions of clause (iv) of the first proviso of Section 9.02(b)). The effectiveness of any Incremental Facility Amendment shall, unless otherwise agreed to by the Additional Lenders, be subject to the satisfaction (or waiver) on the date thereof of the express conditions in respect of such Incremental Facility Amendment to be mutually agreed upon by the Additional Lenders and the Borrower customary for transactions of the type in respect of which the applicable Incremental Facility relates. The proceeds of any Loans under an Incremental Facility will be used, directly or indirectly, by the Borrower for working capital and/or general corporate purposes and/or any other purposes not prohibited hereunder (including, without limitation, Restricted Payments, Acquisitions and other Investments). This Section 2.20 shall supersede any provisions in Section 2.11, Section 2.18 and Section 9.02 to the contrary.

(c) Upon each increase in the Revolving Commitments under any revolving credit facility pursuant to this Section 2.20, each Revolving Lender immediately prior to such increase will automatically and without further act be deemed to have assigned to each Additional Lender providing a portion of the Incremental Revolving Commitment (each, an “Incremental Revolving Lender”) in respect of such increase, and each such Incremental Revolving Lender will automatically and without further act be deemed to have assumed, a portion of such Revolving Lender’s participations hereunder in outstanding Letters of Credit and Swingline Loans under such revolving credit facility such that, after giving effect to each such deemed assignment and assumption of participations, the percentage of the aggregate outstanding participations hereunder in such Letters of Credit and/or Swingline Loans under such revolving credit facility held by each Revolving Lender (including each such Incremental Revolving Lender), as applicable, will equal the percentage of the aggregate Revolving Commitments of all Revolving Lenders under such revolving credit facility. Additionally, if any Revolving Loans are outstanding under a revolving credit facility at the time any Incremental Revolving Commitments are established, the applicable Revolving Lenders immediately after effectiveness of such Incremental Revolving Commitments shall purchase and assign at par such amounts of the Revolving Loans outstanding under such revolving credit facility at such time as the Administrative Agent may require such that each Revolving Lender holds its Applicable Percentage of all Revolving Loans outstanding under such revolving credit facility immediately after giving effect to all such assignments. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

Section 2.21 Refinancing Amendments.

At any time after the Effective Date, the Borrower may obtain from any existing Lender or any other Person reasonably satisfactory to the Borrower and, in the case of Other Revolving Commitments, the Swingline Lender and the Issuing Bank (any such existing Lender or other Person being called an “Additional Refinancing Lender”) Credit Agreement Refinancing Indebtedness in respect of (a) all or any portion of any Class of Term Loans then outstanding under this Agreement (which for purposes of this clause (a) will be deemed to include any then outstanding Other Term Loans constituting Term Loans) or (b) all or any portion of the Revolving Commitments (including the corresponding portion of the Revolving Loans) under this Agreement (which for purposes of this clause (b) will be deemed to include any then outstanding Other Revolving Commitments (including the corresponding portion of the Other Revolving Loans)) in the form of (x) Other Term Loans or Other Term Commitments in the case of clause (a) or (y) Other Revolving Loans or Other Revolving Commitments in the case of clause (b), in each case pursuant to a Refinancing Amendment; provided that (i) such Credit Agreement Refinancing Indebtedness shall rank pari passu or junior in right of payment and of security with the other Loans and Commitments hereunder, (ii) such Credit Agreement Refinancing Indebtedness shall have such pricing, interest, fees, premiums and optional prepayment and redemption terms as may be agreed by the Borrower and the Additional Refinancing Lenders thereof, (iii) such Credit Agreement Refinancing Indebtedness shall only be secured by assets consisting of Collateral, (iv) the covenants and, events of default of such Credit Agreement Refinancing Indebtedness (other than pricing, interest, fees, premiums and optional prepayment), if not consistent with the terms of the Class of Initial Term Loans, shall reflect market terms (taken as a whole) (as determined in good faith by the Borrower), at the time of issuance or incurrence, (v) such Credit Agreement Refinancing Indebtedness satisfies the requirements set forth in clauses (w) through (z) of the definition of “Credit Agreement Refinancing Indebtedness,” and (vi) if such Credit Agreement Refinancing Indebtedness is secured on a junior basis to the Term Loans, the Collateral Agent acting on behalf of the holders of such Indebtedness shall have become party to a Second Lien Intercreditor Agreement; provided that if such Second Lien Intercreditor Agreement has not previously been executed and delivered, then the Borrower, the Collateral Agent on behalf of the Secured Parties and on behalf of the holders of such Credit Agreement Refinancing Indebtedness shall have executed and delivered the Second Lien Intercreditor Agreement. The effectiveness of any Refinancing Amendment shall be subject to such express conditions as are mutually agreed with the participating Additional Refinancing Lenders. Each Class of Credit Agreement Refinancing Indebtedness (other than in connection with an extension of the maturity of Term Loans, Revolving Loans or Revolving Commitments) incurred under this Section 2.21 shall be in an integral multiple of \$1,000,000 and be in an aggregate principal amount that is not less than \$25,000,000 (or, in the case of Incremental Facilities denominated in Euros, €25,000,000), provided that such amount may be less than \$25,000,000 or €25,000,000 if such amount represents all the remaining availability under the aggregate principal amount of Credit Agreement Refinancing Indebtedness set forth above. Subject to the consent of the Issuing Banks, any Refinancing Amendment may provide for the issuance of Letters of Credit for the account of the Borrower pursuant to any Other Revolving Commitments established thereby on terms substantially equivalent to the terms applicable to Letters of Credit under this Agreement before giving effect to such Refinancing Amendment. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Refinancing Amendment. Each of the parties hereto hereby agrees that, upon the effectiveness of any Refinancing Amendment, this Agreement shall be deemed amended to the extent (but only to the extent) necessary or reasonably advisable to reflect the existence and terms of the Credit Agreement Refinancing Indebtedness incurred pursuant thereto (including any amendments necessary to treat the Loans and Commitments subject thereto as Other Term Loans, Other Revolving Loans, Other Revolving Commitments and/or Other Term Commitments). Any Refinancing Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary, or reasonably advisable or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section. This Section 2.21 shall supersede any provisions in Section 2.18 and Section 9.02 to the contrary. Notwithstanding anything to the contrary in this Section 2.21 or otherwise, (1) the borrowing and repayment (except for (A) payments of interest and fees at different rates on Other Revolving Commitments (and related outstandings), (B) repayments required upon the maturity date of the Other Revolving Commitments and (C) repayment made in connection with a permanent repayment and termination of commitments) of Loans with respect to Other Revolving Commitments after the date of obtaining any Other Revolving Commitments shall be made on at least a pro rata basis with all other Revolving Commitments, (2) subject to the provisions of Section 2.05(o) to the extent dealing with Letters of Credit which mature or expire after a maturity date when there exist Other Revolving Commitments with a longer maturity date and subject to the consent of the Issuing Bank, all Letters of Credit shall be participated on a pro rata basis by all Revolving Lenders in accordance with all other Revolving Commitments (and except as provided in Section 2.05(o), without giving effect to changes thereto on an earlier maturity date with respect to Letters of Credit theretofore incurred or issued), (3) the permanent repayment of Revolving Loans with respect to, and termination of, Other Revolving Commitments after the date of obtaining any Other Revolving Commitments shall be made on at least a pro rata basis with all other Revolving Commitments, except that the Borrower shall be permitted to permanently repay and terminate commitments of any such Class on a non- rata basis as compared to any other Class with a later maturity date than such Class and (4) assignments and participations of Other Revolving Commitments and Other Revolving Loans shall be governed by the same assignment and participation provisions applicable to Revolving Commitments and Revolving Loans.

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

(i) Waivers and Amendments. That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 9.02.

(ii) Reallocation of Payments. Any payment of principal, interest, fees, indemnity payments or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 9.08), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to the Issuing Bank or Swingline Lender; *third*, if so determined by the Administrative Agent or requested by the Issuing Bank or Swingline Lender, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Swingline Loan or Letter of Credit; *fourth*, as the Borrower may request, to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Bank or the Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Bank or the Swingline Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *seventh*, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursement in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans or LC Disbursements were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all non- Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.22(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. That Defaulting Lender shall not be entitled to receive any commitment fee pursuant to Sections 2.12(a) or any default rate of interest pursuant to Section 2.13(c), in each case, for any period during which that Lender is a Defaulting Lender and (A) if the participations in the Swingline Loans and/or Letters of Credit are reallocated pursuant to clause (iv) below, then the fees payable to the Lenders pursuant to Sections 2.12(a) and (b) shall be adjusted to reflect the higher amounts of such participations allocated to such Lenders, and (B) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated pursuant to clause (iv) below nor Cash Collateralized pursuant to Section 2.23, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(c) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or Cash Collateralized.

(iv) Reallocation of Pro Rata Shares to Reduce LC Exposure. During any period in which there is a Defaulting Lender with a Revolving Commitment, for purposes of computing the amount of the obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit or Swingline Loans, as applicable, the "Applicable Percentage" of each non-Defaulting Lender with a Revolving Commitment shall be computed without giving effect to the Revolving Commitment of that Defaulting Lender, and such obligation to so acquire, refinance or fund participations in such Letters of Credit and Swingline Loans shall automatically be reallocated among the non-Defaulting Lenders with Revolving Commitments upon such Defaulting Lender becoming a Defaulting Lender; provided that the aggregate obligation of each non-Defaulting Lender to acquire, refinance or fund participations in such Letters of Credit and Swingline Loans shall not exceed the positive difference, if any, of (1) the Revolving Commitment of that non-Defaulting Lender minus (2) the aggregate outstanding amount of the Revolving Loans of that Lender. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender with a Revolving Commitment arising from that Lender having become a Defaulting Lender, including any claim of a non-Defaulting Revolving Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, Swingline Lender and the Issuing Bank agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be 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 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 Swingline Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentage without giving effect to Section 2.22(a)(iv), whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to non-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.

(c) So long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend, increase, renew or extend any Letter of Credit, unless it has received assurances satisfactory to it that non-Defaulting Lenders will cover the related exposure in accordance with this Section 2.22 and/or Cash Collateral will be provided by the Borrower in accordance with Section 2.23, and participating interests in any newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.22(a)(iv) (and such Defaulting Lender shall not participate therein).

Section 2.23 Cash Collateral.

(a) Certain Credit Support Events. If, as of the date of termination of all Revolving Commitments, any LC Exposure for any reason remains outstanding, the Borrower shall promptly provide Cash Collateral in an amount equal to 103% of the then outstanding amount of all LC Exposure. At any time that there shall exist a Defaulting Lender, within five (5) Business Days after the written request of the Administrative Agent, the Borrower shall (x) deliver to the Administrative Agent Cash Collateral in an amount equal to 100% of all LC Exposure (after giving effect to Section 2.22(a)(iv)) and any Cash Collateral provided by such Defaulting Lender and (y) prepay any Swingline Loans to the extent the participations of such Defaulting Lender therein have not been reallocated pursuant to Section 2.22(a)(iv). If at any time the Administrative Agent determines that any funds held as Cash Collateral are subject to any right or claim of any Person other than the Administrative Agent or that the total amount of such funds is less than the aggregate outstanding amount of all LC Exposure in respect of the Borrower, the Borrower will, within three (3) Business Days of written demand by the Administrative Agent, pay to the Administrative Agent, as additional funds to be deposited as Cash Collateral, an amount equal to the excess of (x) such aggregate outstanding amount over (y) the total amount of funds, if any, then held as Cash Collateral to secure such LC Exposure that the Administrative Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit for which funds are on deposit as Cash Collateral, such funds shall be applied, to the extent permitted under applicable laws, to reimburse the Issuing Bank.

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in one or more blocked deposit and/or securities accounts with or established by the Administrative Agent (which interest shall accrue for the benefit of the Borrower if such accounts are established in the name of the Borrower). The Borrower, and to the extent provided by any Lender, such Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the Issuing Bank and the applicable Revolving Lenders (including the Swingline Lender), and agrees to maintain, a first priority security interest (subject to Liens of the type permitted by Section 6.02) in all such cash, Cash Equivalents, deposit and/or securities 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 2.23(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any non-permitted right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than 100% of the applicable LC Exposure and other obligations secured thereby, the Borrower or the relevant Defaulting Lender will, promptly following written demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 2.23 or otherwise in respect of Letters of Credit or Swingline Loans shall be held and applied to the satisfaction of the specific LC Disbursement, Swingline Loans, 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 be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce LC Exposure or other obligations shall be released promptly following (i) the elimination of the applicable LC Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee or the termination of the Commitment of the Defaulting Lender) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided, however, (x) that Cash Collateral furnished by or on behalf of a Loan Party shall not be released during the continuance of an Event of Default and (y) the Person providing Cash Collateral and the Issuing Bank or Swingline Lender, as applicable, may agree that Cash Collateral shall not be released but instead held to support future anticipated LC Exposure or other obligations.

Section 2.24 Extensions of Term Loans and Revolving Commitments.

(a) Notwithstanding anything to the contrary in this Agreement, pursuant to one or more offers (each, an "Extension Offer") made from time to time by (i) the Borrower to all Lenders of Term Loans of the applicable Class with a like maturity date or (ii) the Borrower to all Lenders with Revolving Commitments of the applicable Class with a like maturity date, in each case on a pro rata basis (based on the aggregate outstanding principal amount of the respective Term Loans or Revolving Commitments with a like maturity date, as the case may be) and offered on the same terms to each such Lender, the Borrower is hereby permitted to consummate from time to time transactions with individual Lenders that accept the terms contained in such Extension Offers to extend the maturity date of each such Lender's Term Loans and/or Revolving Commitments and otherwise modify the terms of such Term Loans and/or Revolving Commitments pursuant to the terms of the relevant Extension Offer (including, without limitation, by increasing the interest rate, premiums or fees payable in respect of such Term Loans and/or Revolving Commitments (and related outstandings) and/or modifying the amortization schedule, optional prepayment terms, required prepayment dates and participation in prepayments in respect of such Lender's Term Loans) (each, an "Extension", and each group of Term Loans or Revolving Commitments, as applicable, in each case as so extended, as well as the Initial Term Loans and the Initial Revolving Commitments (in each case not so extended), being a separate Class; any Extended Term Loans shall constitute a separate Class of Term Loans from the Class of Term Loans from which they were converted, and any Extended Revolving Commitments shall constitute a separate Class of Revolving Commitments from the Class of Revolving Commitments from which they were converted), so long as the following terms are satisfied (or waived):

(i) except as to interest rates, fees, premiums, amortization, prepayments, AHYDO Catch-Up Payments and final maturity (which shall be determined by the Borrower and set forth in the relevant Extension Offer and which shall be no earlier than the maturity date of the Class of Revolving Commitments for which such Extension Offer was made), the Revolving Commitment of any Revolving Loan Lender that agrees to an Extension with respect to such Revolving Commitment (an “Extending Revolving Loan Lender”) extended pursuant to an Extension (an “Extended Revolving Commitment” and the loans made pursuant thereto, the “Extended Revolving Loans”), and the related outstandings, shall have covenants, and events of default and, if not consistent with the terms of the Revolving Commitments, shall not be materially more restrictive to the Loan Parties (as determined in good faith by the Borrower), when taken as a whole, than the terms of the Revolving Commitment unless (x) the Revolving Lenders receive the benefit of such more restrictive terms or (y) any such provisions apply after the Revolving Maturity Date (as determined in good faith by the Borrower); provided that (1) the borrowing and repayment (except for (A) payments of interest and fees at different rates on Extended Revolving Commitments (and related outstandings), (B) repayments required upon the maturity date of the non-extended Revolving Commitments and (C) repayments made in connection with a permanent repayment and termination of commitments) of Loans with respect to Extended Revolving Commitments after the applicable Extension date shall be made on a pro rata basis or less with all other Revolving Commitments, (2) all Letters of Credit and Swingline Loans shall be participated on a pro rata basis or less by all Lenders with Revolving Commitments in accordance with their percentage of the Revolving Commitments, (3) the permanent repayment of Revolving Loans with respect to, and termination of, Extended Revolving Commitments after the applicable Extension date shall be made on a pro rata basis with all other Revolving Commitments, except that the Borrower shall be permitted to permanently repay and terminate commitments of any such Class on a non-pro rata basis as compared to any other Class with a later maturity date than such Class, (4) assignments and participations of Extended Revolving Commitments and Extended Revolving Loans shall be governed by the same assignment and participation provisions applicable to Revolving Commitments and Revolving Loans, (5) at no time shall there be Revolving Commitments hereunder (including Extended Revolving Commitments and any Initial Revolving Commitments) which have more than four different maturity dates and (6) except as the Swingline Lender may otherwise agree, Swingline Loans shall be required to be paid in full on the maturity date of the non-extended Revolving Commitments (and may, for the avoidance of doubt, be re-borrowed pursuant to the terms hereof after such maturity date),

(ii) except as to interest rates, fees, premiums, amortization, voluntary prepayments, AHYDO Catch-Up Payments and final maturity (which shall, subject to the immediately succeeding clauses (iv) and (v), be determined by the Borrower and set forth in the relevant Extension Offer), the Term Loans of any Term Lender that agrees to an Extension with respect to such Term Loans (an “Extending Term Lender”, and together with Extending Revolving Loan Lenders, “Extending Lenders”) extended pursuant to any Extension (“Extended Term Loans”) shall have covenants, and events of default, if not consistent with the terms of the Term Loans, shall not be materially more restrictive to the Loan Parties (as determined in good faith by the Borrower), when taken as a whole, than the terms of the Term Loans unless (x) the Lenders of the Term Loans receive the benefit of such more restrictive terms or (y) any such provisions apply after the Term Loan Maturity Date),

(iii) the final maturity date of any Extended Term Loans shall be no earlier than the Term Loan Maturity Date of the Class of Term Loans for which such Extension Offer was made and at no time shall the Term Loans (including Extended Term Loans) have more than six different maturity dates,

(iv) the Weighted Average Life to Maturity of any Extended Term Loans of the corresponding Class shall be no shorter than the remaining Weighted Average Life to Maturity of the Term Loans of the corresponding Class extended thereby (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Term Loans),

(v) if the aggregate principal amount of the Class of Term Loans (calculated on the face amount thereof) or Revolving Commitments, as the case may be, in respect of which Term Lenders or Revolving Lenders of such Class, as the case may be, shall have accepted the relevant Extension Offer shall exceed the maximum aggregate principal amount of Term Loans or Revolving Commitments, as the case may be, offered to be extended by the Borrower pursuant to such Extension Offer, then the Class of Term Loans or Revolving Loans, as the case may be, of such Term Lenders or Revolving Lenders of such Class, as the case may be, shall be extended ratably up to such maximum amount based on the respective principal amounts (but not to exceed actual holdings of record) with respect to which such Term Lenders or Revolving Lenders, as the case may be, have accepted such Extension Offer,

(vi) all documentation in respect of such Extension shall be consistent with the foregoing, and

(vii) any applicable Minimum Extension Condition shall be satisfied unless waived by the Borrower.

(b) With respect to all Extensions consummated by the Borrower pursuant to this Section 2.24, (i) such Extensions shall not constitute voluntary or mandatory payments or prepayments for purposes of Section 2.11 and (ii) no Extension Offer is required to be in any minimum amount or any minimum increment, provided that the Borrower may at its election specify as a condition (a “Minimum Extension Condition”) to consummating any such Extension that a minimum amount (to be determined and specified in the relevant Extension Offer in the Borrower’s sole discretion and may be waived by the Borrower) of the Class of Term Loans or Revolving Commitments (as applicable) of any or all applicable Classes be tendered. The Administrative Agent and the Lenders hereby consent to the consummation of the transactions contemplated by this Section 2.24 (including, for the avoidance of doubt, payment of any interest, fees or premium in respect of any Extended Term Loans and/or Extended Revolving Commitments on such terms as may be set forth in the relevant Extension Offer) and hereby waive the requirements of any provision of this Agreement (including, without limitation, any pro rata payment or amendment section) or any other Loan Document that may otherwise prohibit or restrict any such Extension or any other transaction contemplated by this Section 2.24.

(c) No consent of any Lender or any Agent shall be required to effectuate any Extension, other than (i) the consent of each Lender agreeing to such Extension with respect to one or more of its Term Loans and/or Revolving Commitments (or a portion thereof), (ii) with respect to any Extension of the Revolving Commitments, the consent of each Issuing Bank and the Swingline Lender (to the extent the availability of Letters of Credit or Swingline Loans, as applicable, has also been extended) and (iii) to the extent directly and adversely amending or modifying the rights or obligations of the Administrative Agent beyond those of the type already required to perform under the Loan Documents, the Administrative Agent, which consent shall not be unreasonably withheld or delayed; provided that the Borrower will promptly notify the Administrative Agent of any such Extensions to the extent that the Administrative Agent is not party thereto. All Extended Term Loans, Extended Revolving Commitments and all obligations in respect thereof shall be Obligations under this Agreement and the other Loan Documents that are secured by the Collateral on a pari passu basis with all other applicable Obligations under this Agreement and the other Loan Documents. The Lenders hereby irrevocably authorize the Administrative Agent and, to the extent applicable, the Collateral Agent, to enter into amendments to this Agreement and the other Loan Documents with the Borrower and other Loan Parties as may be necessary or advisable in order to establish new Classes in respect of Revolving Commitments or Term Loans so extended and such technical amendments as may be necessary, advisable or appropriate in the reasonable opinion of the Administrative Agent and the Borrower in connection with the establishment of such new Classes, in each case on terms consistent with this Section 2.24. In addition, any such amendment shall provide that, to the extent consented to by each relevant Issuing Bank, (a) with respect to any Letters of Credit the expiration date for which extend beyond the maturity date for the non-extended Revolving Commitments, participations in such Letters of Credit on such maturity date shall be reallocated from Lenders holding Revolving Commitments to Lenders holding Extended Revolving Commitments in accordance with the terms of such amendment (provided that such participation interests shall, upon receipt thereof by the relevant Lenders holding Revolving Commitments, be deemed to be participation interests in respect of such Revolving Commitments and the terms of such participation interests (including, without limitation, the commission applicable thereto) shall be adjusted accordingly) and (b) limitations on drawings of Revolving Loans and issuances, extensions and amendments to Letters of Credit shall be implemented giving effect to the foregoing reallocation prior to such reallocation actually occurring to ensure that sufficient Extended Revolving Commitments are available to participate in any such Letters of Credit. Without limiting the foregoing, in connection with any Extensions the respective Loan Parties shall (at their expense) amend (and the Administrative Agent is hereby directed to amend) any Mortgage that has a maturity date prior to the latest termination date of any Extended Term Loans or Extended Revolving Commitments so that such maturity date is extended to the latest termination date of any Extended Term Loans or Extended Revolving Commitments (or such later date as may be advised by local counsel to the Administrative Agent). No Lender shall be required to participate in any Extension.

(d) In connection with any Extension, the Borrower shall provide the Administrative Agent at least 5 Business Days (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof, and shall agree to such procedures (to ensure reasonable administrative management of the credit facilities hereunder after such Extension), if any, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Section 2.24.

Section 2.25 Term Loan Exchange Notes.

(a) The Borrower may by written notice to the Administrative Agent elect to offer (each a “Permitted Debt Exchange Offer”) to issue to Lenders holding any Class of Term Loans under this Agreement first priority senior secured notes and/or junior Lien secured notes and/or unsecured notes (the “Term Loan Exchange Notes”) in exchange for such Class of Term Loans (each such exchange, a “Permitted Debt Exchange”); provided that such Term Loan Exchange Notes may not be in an aggregate principal amount greater than the Term Loans being exchanged plus other Indebtedness that could otherwise be incurred hereunder (subject to a dollar-for-dollar usage of any basket (other than any basket that provides for Term Loan Exchange Notes) set forth in Section 6.01) plus unpaid accrued interest and premium (if any) thereon and underwriting discounts, fees, commissions and expenses in connection with the issuance of the Term Loan Exchange Notes. Each such notice shall specify the date (each, a “Term Loan Exchange Effective Date”) on which the Borrower proposes that the Term Loan Exchange Notes shall be issued, which shall be a date not less than five (5) Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent); provided that: (w) the Weighted Average Life to Maturity of such Term Loan Exchange Notes shall not be shorter than the then remaining Weighted Average Life to Maturity of the Class of Term Loans being exchanged (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Term Loans) and the Term Loan Exchange Notes shall not have a final maturity before the Term Loan Maturity Date then in effect for the Class or Classes of Term Loans being exchanged (it being understood that acceleration or mandatory repayment, prepayment, redemption or repurchase of such Term Loan Exchange Notes upon the occurrence of an event of default, a change in control, an event of loss or an asset disposition shall not be deemed to constitute a change in the stated final maturity thereof); (x) if secured, such Term Loan Exchange Notes shall rank pari passu or junior in right of payment and of security with the Loans and Commitments being exchanged hereunder; (y) all other terms and conditions (other than maturity, interest rates, pricing, amortization, AHYDO Catch-Up Payments, optional prepayment terms, and fees) applicable to such Term Loan Exchange Notes shall reflect market terms and conditions at the time of incurrence or issuance (as determined in good faith by the Borrower); provided that the Term Loan Exchange Notes shall not have the benefit of any financial maintenance covenant unless (i) the Term Loans have the benefit of such financial maintenance covenant on the same terms or (ii) the Term Loans have in the future been provided with the benefit of a financial maintenance covenant, in which case such Term Loan Exchange Notes issued after such future date may be provided with the benefit of the same financial maintenance covenant on the same terms; and (z) the obligations in respect of the Term Loan Exchange Notes (A) shall not be secured by Liens on any asset of the Parent or any of its Restricted Subsidiaries other than assets constituting Collateral, (B) (x) if such Term Loan Exchange Notes are secured on a pari passu basis with the Obligations, the Senior Representative for such Term Loan Exchange Notes shall enter into the Pari Passu Intercreditor Agreement or other customary intercreditor agreement and (y) if such Term Loan Exchange Notes are secured on a junior basis to the Obligations, the Senior Representative for such Term Loan Exchange Notes shall enter into a Second Lien Intercreditor Agreement or other customary intercreditor agreement, in each case with the Administrative Agent and/or Collateral Agent substantially consistent with the terms set forth on Exhibit K-1 or K-2 annexed hereto together with (I) any immaterial changes and (II) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be pari passu with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are pari passu with, or junior in priority to, other Liens that are junior to the Liens securing the Obligations), or (C) shall not be incurred or Guaranteed by any Restricted Subsidiary unless such Restricted Subsidiary is a Loan Party which shall have previously or substantially concurrently Guaranteed or borrowed such Term Loans being exchanged.

(b) The Borrower shall offer to issue Term Loan Exchange Notes in exchange for the Class of Term Loans to all Lenders holding such Class of Term Loans (other than any Lender that, if requested by the Borrower, is unable to certify that it is (i) a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act), (ii) an institutional “accredited investor” (as defined in Rule 501 under the Securities Act) or (iii) not a “U.S. person” (as defined in Rule 902 under the Securities Act)) on a pro rata basis, and such Lenders may choose to accept or decline to receive such Term Loan Exchange Notes in their sole discretion. Any such Term Loans exchanged for Term Loan Exchange Notes shall be automatically and immediately, without further action by any Person, cancelled on the Term Loan Exchange Effective Date for all purposes of this Agreement (and, if requested by the Administrative Agent, any applicable exchanging Lender shall execute and deliver to the Administrative Agent an Assignment and Assumption, or such other form as may be reasonably requested by the Administrative Agent, in respect thereof pursuant to which the respective Lender assigns its interest in the Term Loans being exchanged pursuant to the Permitted Debt Exchange to the Borrower for immediate cancellation), and accrued and unpaid interest on such Term Loans shall be paid to the exchanging Lenders on the Term Loan Exchange Effective Date, or, if agreed to by the Borrower and the Administrative Agent, the next scheduled Interest Payment Date with respect to such Term Loans (with such interest accruing until the date of consummation of such Permitted Debt Exchange).

(c) If the aggregate principal amount of all Term Loans (calculated on the face amount thereof) of a given Class tendered by Lenders in respect of the relevant Permitted Debt Exchange Offer (with no Lender being permitted to tender a principal amount of Term Loans which exceeds the principal amount thereof of the applicable Class actually held by it) shall exceed the maximum aggregate principal amount of Term Loans of such Class offered to be exchanged by the Borrower pursuant to such Permitted Debt Exchange Offer, then the Borrower shall exchange Term Loans under the relevant Class tendered by such Lenders ratably up to such maximum based on the respective principal amounts so tendered, or, if such Permitted Debt Exchange Offer shall have been made with respect to multiple Classes without specifying a maximum aggregate principal amount offered to be exchanged for each Class, and the aggregate principal amount of all Term Loans (calculated on the face amount thereof) of all Classes tendered by Lenders in respect of the relevant Permitted Debt Exchange Offer (with no Lender being permitted to tender a principal amount of Term Loans which exceeds the principal amount thereof actually held by it) shall exceed the maximum aggregate principal amount of Term Loans of all relevant Classes offered to be exchanged by the Borrower pursuant to such Permitted Debt Exchange Offer, then the Borrower shall exchange Term Loans across all Classes subject to such Permitted Debt Exchange Offer tendered by such Lenders ratably up to such maximum amount based on the respective principal amounts so tendered.

(d) With respect to all Permitted Debt Exchanges effected by the Borrower pursuant to this Section 2.25, unless waived by the Borrower, such Permitted Debt Exchange Offer shall be made for not less than \$25,000,000 in aggregate principal amount of Term Loans; provided that subject to the foregoing the Borrower may at its election specify (A) as a condition to consummating any such Permitted Debt Exchange that a minimum amount (to be determined and specified in the relevant Permitted Debt Exchange Offer in the Borrower's discretion) of Term Loans of any or all applicable Classes be tendered and/or (B) as a condition to consummating any such Permitted Debt Exchange that no more than a maximum amount (to be determined and specified in the relevant Permitted Debt Exchange Offer in the Borrower's discretion) of Term Loans of any or all applicable Classes will be accepted for exchange. The Administrative Agent and the Lenders hereby acknowledge and agree that this Section 2.25 shall supersede any provisions of Section 2.11, Section 2.18 and Section 9.02 to the contrary, waive the requirements of any other provision of this Agreement or any other Loan Document that may otherwise prohibit the incurrence of any Indebtedness expressly provided for by this Section 2.25 and hereby agree not to assert any Default or Event of Default in connection with the implementation of any such Permitted Debt Exchange or any other transaction contemplated by this Section 2.25.

(e) In connection with each Permitted Debt Exchange, the Borrower shall provide the Administrative Agent at least five (5) Business Days' (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof, and the Borrower and the Administrative Agent, acting reasonably, shall mutually agree to such procedures as may be necessary or advisable to accomplish the purposes of this Section 2.25; provided that the terms of any Permitted Debt Exchange Offer shall provide that the date by which the relevant Lenders are required to indicate their election to participate in such Permitted Debt Exchange shall be not less than ten days following the date on which the Permitted Debt Exchange Offer is made. The Borrower shall provide the final results of such Permitted Debt Exchange to the Administrative Agent no later than three (1) Business Day prior to the proposed date of effectiveness for such Permitted Debt Exchange and the Administrative Agent shall be entitled to conclusively rely on such results.

(f) The Borrower shall be responsible for compliance with, and hereby agrees to comply with, all applicable securities and other laws in connection with each Permitted Debt Exchange, it being understood and agreed that (x) neither the Administrative Agent nor any Lender assumes any responsibility in connection with the Borrower's compliance with such laws in connection with any Permitted Debt Exchange and (y) each Lender shall be solely responsible for its compliance with any applicable "insider trading" laws and regulations to which such Lender may be subject under the Securities Exchange Act of 1934, as amended.

ARTICLE III
Representations and Warranties

Each of the Parent, Holdco and the Borrower represents and warrants to the Lenders that (it being understood that the following representations and warranties shall be deemed made with respect to any Foreign Subsidiary only to the extent relevant under applicable law): provided that, on the Effective Date, each such Person's representations and warranties shall be limited to the Specified Representations:

Section 3.01 Organization; Powers. Each of the Parent and the Material Subsidiaries is (a) duly organized or incorporated, validly existing and, to the extent such concept is applicable in the corresponding jurisdiction, in good standing under the laws of the jurisdiction of its organization or incorporation and (b) has all requisite organizational or constitutional power and authority to (i) carry on its business as now conducted and as proposed to be conducted and (ii) execute, deliver and perform its obligations under each Loan Document to which it is a party, except in the case of clauses (a) and (b), where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 3.02 Authorization; Enforceability. This Agreement (and the lending transactions contemplated hereby to occur on the Effective Date) has been duly authorized by all necessary corporate, shareholder or other organizational action by each of the Parent, Holdco and the Borrower, and constitutes, and each other Loan Document to which any Loan Party is a party has been duly authorized by all necessary corporate, shareholder or other organizational action by such Loan Party, and each Loan Document constitutes, or when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of the Parent, Holdco, the Borrower or such other Loan Party (as the case may be), enforceable in accordance with its terms, subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law and other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered pursuant to the Loan Documents, (ii) the need for filings and registrations necessary to create or perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties and (iii) with respect to enforceability against Foreign Subsidiaries or under foreign laws, the effect of foreign laws, rules and regulations as they relate to pledges, if any, of Equity Interests in Foreign Subsidiaries and intercompany Indebtedness owed by Foreign Subsidiaries.

Section 3.03 Governmental Approvals; No Conflicts.

The execution, delivery and performance by the Loan Parties of the Loan Documents to which such Loan Parties are a party (a) do not require any material consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect, in each case as of the Effective Date, (ii) filings and registrations of charges necessary to perfect Liens created under the Loan Documents and to release existing Liens (if any), (iii) stamping of any relevant Loan Documents, and (iv) those consents, approvals, registrations, filings or other actions, the failure of which to obtain or make would not reasonably be expected to result in a Material Adverse Effect, (b) will not violate any Organizational Document of the Parent, Holdco or any other Loan Party, (c) will not violate any Requirement of Law applicable to the Parent or any Restricted Subsidiary, (d) will not violate or result in a default under any indenture, agreement or other instrument in each case constituting Material Indebtedness binding upon the Parent or any Restricted Subsidiary or their respective assets, or give rise to a right thereunder to require any payment to be made by the Parent or any Restricted Subsidiary or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation thereunder, in each case as of the Effective Date and (e) will not result in the creation or imposition of any Lien on any asset of the Parent or any Restricted Subsidiary, except Liens created under the Loan Documents and Liens permitted under Section 6.02; except in the cases of clauses (a), (c) and (d) above where such violations, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 3.04 Financial Condition; No Material Adverse Change.

(a) The Borrower has heretofore furnished to the Administrative Agent the Micro Focus Historical Financial Statements and the Seattle Historical Financial Statements. Such Micro Focus Historical Financial Statements, present fairly in all material respects the consolidated financial position and consolidated results of operations and consolidated cash flows of the Parent and its subsidiaries as of such dates and for such periods in accordance in all material respects with IFRS and subject to, in the case of the unaudited financial statements, the absence of footnotes, changes resulting for year-end audit adjustments and any other adjustments disclosed therein (including the notes thereto), and the inclusion of explanatory notes. To the knowledge of the Borrower, such Seattle Historical Financial Statements present fairly, in all material respects, the combined financial position and the combined results of operations and combined cash flows of the Seattle Business as of such dates and for such periods in accordance in all material respects with GAAP, subject, in the case of the unaudited financial statements, to changes resulting from year-end audit adjustments and to any other adjustments described therein (including the notes thereto), the absence of footnotes and the inclusion of explanatory notes.

(b) No event, change or condition has occurred that has had, or would reasonably be expected to have, a Material Adverse Effect after the earlier of the Acquisition Closing Date and the Applicable Acquisition Consummation Deadline.

Each Lender and the Administrative Agent hereby acknowledges and agrees that the Parent and its Subsidiaries or the Company and its subsidiaries may be required to restate historical financial statements as the result of the implementation of changes in GAAP or IFRS, or the respective interpretation thereof, and that such restatements will not result in a Default or an Event of Default under the Loan Documents.

Section 3.05 Properties.

(a) Each of the Parent and the Restricted Subsidiaries has good title to, valid leasehold interests in, or rights to use, all its real and personal property material to its business, except for Liens permitted under Section 6.02 and minor defects in title and except where the failure to have such interest would not reasonably be expected to have a Material Adverse Effect.

(b) Each of the Parent and the Restricted Subsidiaries owns or has the right to use all Intellectual Property that is necessary for the operation of their respective businesses as currently conducted, except where the failure of the foregoing would not reasonably be expected to have a Material Adverse Effect.

Section 3.06 Litigation and Environmental Matters.

(a) There are no actions, suits, investigations or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened in writing against the Parent or any Restricted Subsidiary as to which there is a reasonable possibility of an adverse determination and that, if adversely determined would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters).

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, none of the Parent nor any Restricted Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability or (iii) has received written notice of any claim with respect to any Environmental Liability.

Section 3.07 Compliance with Laws.

Each of the Parent and the Restricted Subsidiaries is in compliance with all Requirements of Law applicable to it or its property, except, where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 3.08 Investment Company Status. None of the Parent, Holdco, the Borrower or any other Loan Party is required to be registered as an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

Section 3.09 Taxes. Each of the Parent and the Restricted Subsidiaries (a) has timely filed or caused to be filed all Tax returns and reports required to have been filed, except to the extent that failure to do so would not reasonably be expected to result in a Material Adverse Effect, and (b) has paid or caused to be paid all Taxes required to have been paid by it, except (x) any Taxes the failure to pay would not reasonably be expected to result in a Material Adverse Effect or (y) any Taxes that are being contested in good faith by appropriate proceedings for which adequate reserves have been provided in accordance with GAAP, IFRS or other applicable foreign accounting principles.

Section 3.10 ERISA. No ERISA Event or similar event with respect to any Foreign Plan has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events or similar event with respect to any Foreign Plan for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect.

Section 3.11 Disclosure. All written information concerning the Parent, the Company and their respective subsidiaries and their respective businesses furnished by or on behalf of the Parent or any Restricted Subsidiary to the Administrative Agent in connection with the transactions (other than projections, estimates, budgets, forecasts, pro forma financial information and other forward-looking information and information of a general economic or general industry nature and other general market data), when taken as a whole, do not, as of the date furnished, contain any untrue statement of a material fact or omit to state any material fact (solely in the case of this representation when made on or prior to the Acquisition Closing Date, known to the Borrower in the case of any document not furnished by or on behalf of it) necessary to make the statements therein not materially misleading in the light of the circumstances under which they were made (after giving effect to all supplements and updates thereto from time to time). Any projections and pro forma financial information contained in such materials (including any Projections) are based upon good faith estimates and assumptions believed by the Borrower to be reasonable at the time made, it being understood by the Agents and the Lenders that such projections as to future events (i) are not to be viewed as facts, (ii) (A) are subject to significant uncertainties and contingencies, which may be beyond the control of the Loan Parties, (B) no assurance is given by the Loan Parties that the results or forecast in any such projections will be realized and (C) the actual results may differ from the forecast results set forth in such projections and such differences may be material and (iii) are not a guarantee of performance and that actual results during the period or periods covered by any such projections may vary significantly from the projected results and such differences may be material.

Section 3.12 Labor Matters. As of the Effective Date, there are no strikes, work stoppages or material labor disputes against the Parent or any Restricted Subsidiary pending or, to the actual knowledge of the Borrower, threatened in writing, in each case, that would reasonably be expected to have a Material Adverse Effect.

Section 3.13 Subsidiaries. As of the Effective Date, Schedule 3.13 sets forth, the name of and the ownership by the Parent and its Subsidiaries in, each Subsidiary (other than Foreign Subsidiaries which are inactive, dormant or have only de minimis assets) and identifies each Subsidiary that is a Loan Party as of the Effective Date; provided that inaccuracies in the name and ownership of any Foreign Subsidiary that is not a Material Subsidiary shall be deemed not material for all purposes under this Agreement and the other Loan Documents.

Section 3.14 Solvency. As of the Effective Date, after giving effect to the consummation of the Transactions, the Parent and its Subsidiaries, when taken as a whole, are Solvent.

Section 3.15 Federal Reserve Regulations.

(a) None of the Parent or any Restricted Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

(b) Taking into account all of the Transactions, no part of the proceeds of the Loans will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of the provisions of the Regulations of the Board, including Regulation T, U or X.

Section 3.16 [Reserved].

Section 3.17 Use of Proceeds. The proceeds of the Term Loans and the Revolving Loans will be used in accordance with Section 5.10; provided that the proceeds of any Incremental Facility may be used for any purpose agreed to by the lenders thereof.

Section 3.18 Security Documents. The Security Documents, upon execution and delivery by the parties thereto, are effective to create in favor of the Collateral Agent for the benefit of the applicable Secured Parties legal, valid and enforceable (subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and general principles of equity, regardless of whether considered in a proceeding in equity or at law and other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered pursuant to the Loan Documents, (b) any filings, notices and registrations and other perfection requirements necessary to create or perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties (which filings or recordings shall be made to the extent required by any Security Document) and (c) with respect to enforceability against Foreign Subsidiaries or under non-U.S. laws, the effect of non-U.S. laws, rules and regulations as they relate to pledges, if any, of Equity Interests in Foreign Subsidiaries and intercompany Indebtedness owed by Foreign Subsidiaries and other items of Collateral subject to unique local law perfection requirements) first priority Liens on, and security interests in, the Collateral, subject to Liens permitted pursuant to Section 6.02 and, (i) when all appropriate filings, notices or recordings are made in the appropriate offices, corporate records or with the appropriate Persons as may be required under applicable laws and/or any Security Document (which filings, notices or recordings shall be made to the extent required by any Security Document) and (ii) upon the taking of possession or control by the Collateral Agent of such Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Collateral Agent to the extent required by any Security Document), such Security Document will constitute perfected Liens on, and security interests in, all right, title and interest of the Loan Parties in such Collateral, subject to Liens permitted pursuant to Section 6.02.

Section 3.19 OFAC; FCPA; Patriot Act.

(a) On the Effective Date and in connection with the consummation of the Seattle Acquisition, the Borrower will not use the proceeds of the Loans or otherwise knowingly make available such proceeds to any Person, in each case for the purpose of financing the activities of any Person subject to any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC") or Her Majesty's Treasury in violation of the OFAC or Her Majesty's Treasury.

(b) On the Effective Date and in connection with the consummation of the Seattle Acquisition, no part of the proceeds of the Loans will be used by or at the direction of the Parent or any of its Subsidiaries for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977 or the Bribery Act 2010 of the United Kingdom.

(c) On the Effective Date and in connection with the consummation of the Seattle Acquisition, to the extent applicable, no part of the proceeds of the Loans will be used by or at the direction of Parent and the other Loan Parties in violation of the Patriot Act, the Terrorism Act 2000, Anti-Terrorism Crime & Security Act 2001, Proceeds of Crime Act 2002, Money Laundering Regulations 2007, or the Bribery Act 2010 of the United Kingdom.

(d) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, none of Parent or any of its Subsidiaries has, in the past three years, committed a violation of any Anti-Corruption Laws. Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, none of Parent, any of its Subsidiaries or, to the knowledge of the Borrower, any director, officer or employee thereof is an individual or entity currently the subject of Sanctions, nor is Parent or any of its Subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions.

ARTICLE IV Conditions

Section 4.01 Effective Date. The effectiveness of this Agreement, the rollover of the Tranche B-2 Term Loans, the conversion and deemed issuance of the Tranche B-3 Term Loans as described in Section 2.01(a)(ii) and the conversion and deemed issuance of the Euro Tranche Term Loans as described in Section 2.01(a)(iii) shall become effective upon the satisfaction (or waiver) of the conditions set forth in Section 9 of Effective Date Amendment.

Section 4.02 Each Credit Event. The obligation of (i) each Lender to make a Loan on the occasion of any Borrowing of Revolving Loans after the Effective Date and (ii) the Issuing Bank to issue, renew, increase or extend any Letter of Credit after the Effective Date (each event referred to in clause (i) and (ii) above, a “Credit Event”), is subject to receipt of the request therefor in accordance herewith and to the satisfaction (or waiver) of the following express conditions (except as hereinafter indicated, including in connection with any Incremental Loans or Incremental Facility, as provided therein):

(a) Except as expressly set forth herein, the representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects, in each case on and as of the date of such Credit Event (or true and correct in all material respects as of a specified date, if earlier).

(b) Except as expressly set forth herein, at the time of and immediately after giving effect to such Credit Event, no Default or Event of Default shall have occurred and be continuing.

(c) Except as expressly set forth herein, the Administrative Agent shall have received a Borrowing Request meeting the requirements of Section 2.03 (other than in connection with an Incremental Loan).

Except as expressly set forth herein, each Borrowing (provided that a conversion or a continuation of a Borrowing shall not constitute a “Borrowing” for purposes of this Section) and each issuance, renewal, increase or extension of a Letter of Credit (other than any Borrowing or issuance of a Letter of Credit on the Effective Date) shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Affirmative Covenants

From and after the Effective Date and until the Termination Date, each of the Parent, Holdco and the Borrower covenant and agree with the Lenders that:

Section 5.01 Financial Statements and Other Information. The Parent will furnish to the Administrative Agent which will furnish to the Lenders:

(a) within 125 days after the end of each fiscal year of the Parent, the audited consolidated statement of financial position and audited consolidated statements of comprehensive income, changes in equity and cash flows as of the end of and for such year for the Parent and its Subsidiaries, and related notes thereto, accompanied by management discussion and analysis, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by any “big four” auditors, other auditors of recognized national standing or other auditors reasonably acceptable to the Administrative Agent, with an unmodified report by such auditors without an emphasis of matter paragraph related to going concern as defined by ISA 570 (or any similar statement under any amended or successor rule as may be adopted by the International Auditing and Assurance Standards Board from time to time) (except to the extent such emphasis paragraph results solely from (i) a current maturity of any Indebtedness or (ii) any inability or potential inability to satisfy the covenant under Section 6.12 or any other financial covenant in any agreement, whether at such time or on a future date or in a future period), to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Parent and its Subsidiaries on a consolidated basis in accordance in all material respects with IFRS (except as otherwise disclosed in such financial statements);

(b) (i) within 92 days, after the end of the second fiscal quarter of the Parent of each fiscal year of the Parent, the unaudited consolidated statement of financial position and unaudited consolidated statements of comprehensive income and cash flows as of the end of and for such six month period of the first two fiscal periods and the then elapsed portion of the fiscal year of the Parent, accompanied by management discussion and analysis, setting forth in comparative form the figures for the corresponding period or periods of (or, in the case of the statement of financial position, as of the end of) the previous fiscal year, all certified by its Financial Officer as presenting fairly in all material respects the financial condition and results of operations of the Parent and its Subsidiaries on a consolidated basis in accordance in all material respects with IFRS (except as otherwise disclosed in such financial statements), subject to normal year-end audit adjustments and the absence of footnotes, and (ii) within 45 days (or in the case of the first two such fiscal quarters to occur after the Effective Date, 60 days) after the end of each of the first and third fiscal quarters of each fiscal year of the Parent, in each case, the unaudited consolidated statement of financial position and unaudited consolidated statements of comprehensive income and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year for the Parent and its Subsidiaries, accompanied by management discussion and analysis, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the statement of financial position, as of the end of) the previous fiscal year, all certified by its Financial Officer as presenting fairly in all material respects the financial condition and results of operations of the Parent and its Subsidiaries on a consolidated basis in accordance in all material respects with IFRS (except as otherwise disclosed in such financial statements), subject to normal year-end audit adjustments and the absence of footnotes, which quarterly financial statements delivered pursuant to this clause (b)(ii) shall be designated “Private Side Information” and shall only be made available to Private Lenders;

(c) concurrently with the delivery of any financial statements under paragraphs (a) and (b) above, a Compliance Certificate (i) certifying as to whether a Default exists and, if a Default exists, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations (A) during any fiscal quarter during which the covenant contained in Section 6.12 is in effect pursuant to the last sentence of Section 6.12, demonstrating compliance or non-compliance with such covenant (provided that any such calculations set forth in the Compliance Certificate delivered with the financial statements under paragraph (b)(ii) for the first and third fiscal quarters of each fiscal year of the Parent will be designated “Private Side Information” and will only be made available to Private Lenders) and (B) in the case of financial statements delivered under paragraph (a) above, beginning with the financial statements for the fiscal year of the Parent ending October 31, 2019, of Excess Cash Flow for such fiscal year and (iii) stating whether any material change in IFRS or in the application thereof has occurred since the date of the then most recently delivered audited financial statements that would affect the compliance or non-compliance with any financial ratio or requirement in this Agreement and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) not later than 120 days after the end of each fiscal year of the Parent (beginning with the fiscal year ending October 31, 2018), a reasonably detailed consolidated budget for the following fiscal year as customarily prepared by management of the Parent for its internal use consistent in scope with the financial statements provided pursuant to Section 5.01(a) setting forth the principal assumptions upon which such budget is based (collectively, the “Projections”), it being understood and agreed that any financial or business projections furnished by any Loan Party (i)(A) are subject to significant uncertainties and contingencies, which may be beyond the control of the Loan Parties, (B) no assurance is given by the Loan Parties that the results or forecast in any such projections will be realized and (C) the actual results may differ from the forecast results set forth in such projections and such differences may be material and (ii) are not a guarantee of performance;

(e) promptly after the same become publicly available, copies of all shareholder circulars and all material periodic and other reports and other materials published by the Parent or any Restricted Subsidiary through a Regulatory Information Service pursuant to the Disclosure and Transparency Rules or filed with the UKLA or with any national securities exchange;

(f) simultaneously with the delivery of each set of consolidated financial statements referred to in Section 5.01(a) or (b) above, the related consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements; and

(g) promptly following any reasonable request therefor, such other information regarding the operations, business affairs and financial condition of the Parent or any Restricted Subsidiary as the Administrative Agent may reasonably request, including information requested on behalf of any Lender to comply with Section 9.14; provided that none of the Parent or any Restricted Subsidiary will be required to disclose or permit the inspection or discussion of, any document, information or other matter (i) that constitutes trade secrets or proprietary information, (ii) in respect of which disclosure to the Administrative Agent or any Lender (or their representatives or contractors) is prohibited by law, fiduciary duty or any binding agreement or (iii) that is subject to attorney client or similar privilege or constitutes attorney work product.

In the event the Parent changes its fiscal year as permitted pursuant to Section 6.13, notwithstanding anything to the contrary in this Section 5.01, the first accounting period after the Merger for which audited financial statements shall be required shall be for the eighteen (18) month period ending October 31, 2018, and during this extended accounting period, the Parent shall furnish to the Administrative Agent unaudited financial statements of the type described in Section 5.01(b) for the six (6) month period ended October 31, 2017 and for the six (6) month period ended April 30, 2018, and comparative figures for the corresponding period or periods of the previous year shall not be required.

Any financial statement or other document, reports or other materials (to the extent any such financial statement or document, reports or other materials included in materials otherwise published through a Regulatory Information Service pursuant to the Disclosure and Transparency Rules or with the UKLA or with any national securities exchange) required to be delivered pursuant to this [Section 5.01](#) may be satisfied with respect to such financial statements or other documents, reports or other materials by the publishing of the Parent's interim financial statements required under [Section 5.01\(b\)](#) through a Regulatory Information Service pursuant to the Disclosure and Transparency Rules or with the UKLA or with any national securities exchange. All financial statements and other documents, reports, proxy statements or other materials required to be delivered pursuant to this [Section 5.01](#) or [Section 5.02](#) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) such financial statements and/or other documents are published through a Regulatory Information Service pursuant to the Disclosure and Transparency Rules or with the UKLA or with any national securities exchange, (ii) on which the Parent posts such documents, or provide a link thereto, on the Parent's website or (iii) on which such documents are posted on the Parent's behalf on an Internet or Intranet website, if any, to which the Administrative Agent and each Lender has access (whether a commercial third-party website or a website sponsored by the Administrative Agent and whether or not any such Lender has elected to be a Public Lender), provided that (A) the Borrower shall, at the request of the Administrative Agent, continue to deliver copies (which delivery may be by electronic transmission (including Adobe pdf copy)) of such documents (other than pursuant to clauses (a) and (b) of this [Section 5.01](#)) to the Administrative Agent and (B) the Borrower shall notify (which notification may be by facsimile or electronic transmission (including Adobe pdf copy)) the Administrative Agent of the posting of any such documents on any website. Each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such documents from the Administrative Agent and maintaining its copies of such documents.

The Borrower hereby acknowledges that (a) the Administrative Agent will make available to the Lenders and the Issuing Bank materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "[Borrower Materials](#)") by posting the Borrower Materials on IntraLinks 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 Parent or any of its Subsidiaries, or any of their respective securities, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that are to be made available to Public Lenders; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Lead Arrangers, the Issuing Bank and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to Parent, Holdco, the Borrower or their respective securities for purposes of applicable securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall remain subject to the provisions of [Section 9.12](#)); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent shall be entitled to treat the Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information" (it being understood that the Borrower shall be under no obligation to mark any Borrower Materials "PUBLIC"). Notwithstanding the foregoing, to the extent the Borrower has had a reasonable opportunity to review, the following Borrower Materials shall be deemed to be marked "PUBLIC," unless the Borrower notifies the Administrative Agent promptly that any such document contains material non-public information: (1) the Loan Documents and (2) notification of changes in the terms of the Loans.

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 foreign, United States Federal and state securities laws, to make reference to Communications 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 Parent, Holdco, the Borrower or any of their respective securities for purposes of foreign, United States Federal or state securities laws.

THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE.” THE ADMINISTRATIVE AGENT DOES NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIMS 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 THE ADMINISTRATIVE AGENT IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM.

Section 5.02 Notices of Material Events. The Borrower will furnish to the Administrative Agent (for distribution to each Lender through the Administrative Agent) prompt written notice of a Responsible Officer of the Borrower’s obtaining knowledge of any of the following:

- (a) the occurrence of any Default or Event of Default, in each case, except to the extent the Administrative Agent shall have furnished the Borrower written notice thereof;
- (b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of a Responsible Officer of the Borrower, threatened in writing against the Parent or any Restricted Subsidiary, that would reasonably be expected to be adversely determined and if adversely determined, would reasonably be expected to result, after giving effect to the coverage and policy limits of applicable insurance policies, in a Material Adverse Effect;
- (c) the occurrence of any ERISA Event or similar event with respect to any Foreign Plan that, in either case, would reasonably be expected to result in a Material Adverse Effect; and
- (d) any other development (including notice of any claim or condition arising under or relating to any Environmental Law) that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a written statement of a Responsible Officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto. Documents required to be delivered pursuant to this Section 5.02 may be delivered electronically in accordance with Section 5.01.

Section 5.03 Semi-Annual Lender Call. At the reasonable request of the Administrative Agent, but not more than twice in any fiscal year (and no more than once in any two consecutive quarter periods), within a reasonable period of time following delivery of the financial statements pursuant to Section 5.01(a) or Section 5.01(b)(i) and at a mutually agreeable time (which shall be the same time the Parent holds such conference call with the Seattle Lenders), the Borrower will hold a semi-annual conference call with Lenders to review the consolidated financial results of operations of the Parent covered by such financial statements.

Section 5.04 Existence; Conduct of Business. The Parent will, and will cause each Restricted Subsidiary to, do or cause to be done all things reasonably necessary to obtain, preserve, renew and keep in full force and effect (a) its legal existence (except as otherwise permitted hereunder) and (b) the rights, licenses, permits, privileges, franchises, Intellectual Property necessary to conduct its business, except, in the case of clauses (a) (other than with respect to the Borrower) and (b), to the extent that failure to do so would not reasonably be expected to result in a Material Adverse Effect, provided that the foregoing shall not prohibit any transaction otherwise permitted hereunder.

Section 5.05 Payment of Taxes. The Parent will, and will cause each Restricted Subsidiary to, pay all Tax liabilities, before any penalty accrues thereon, except where (a)(i) any such payment is being contested in good faith by appropriate proceedings and (ii) the Parent or such Restricted Subsidiary has set aside on its books adequate reserves or other appropriate provision with respect thereto in accordance with IFRS or (b) the failure to make payment would not reasonably be expected to result in a Material Adverse Effect.

Section 5.06 Maintenance of Properties. Except if the failure to do so would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Parent will, and will cause each Restricted Subsidiary to, keep and maintain all property material to the conduct of its business (other than any property referenced in Section 5.04) in good working order and condition, ordinary wear and tear excepted and casualty or condemnation excepted, provided that the foregoing shall not prohibit any transaction otherwise permitted hereunder.

Section 5.07 Insurance. The Parent will, and will cause each Restricted Subsidiary to, maintain, with financially sound and reputable insurance companies, (a) insurance in such amounts (after giving effect to any self-insurance reasonable and customary for similarly-situated Persons engaged in the same or similar business) and against such risks as is (i) customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations as reasonably determined by management of the Parent and (ii) considered adequate by the Parent. The Borrower will furnish to the Administrative Agent, promptly following written request, information in reasonable detail as to the insurance so maintained; provided that so long as no Event of Default has occurred and is continuing, the Borrower shall only be required to provide such information one time in any fiscal year of the Parent. Without limiting the generality of the foregoing, the Borrower will, or will cause each US Loan Party to, maintain or cause to be maintained flood insurance with respect to each Flood Hazard Property that is located in a community that participates in the National Flood Insurance Program, in each case in compliance in all material respects with any applicable regulations of the Board. No later than ninety (90) days (as such period may be extended in the reasonable discretion of the Administrative Agent) after the Effective Date (or the date any such insurance is obtained, renewed or extended in the case of insurance obtained, renewed or extended after the Effective Date), the Borrower will cause all property and casualty insurance policies with respect to Collateral of the US Loan Parties to be endorsed or otherwise amended to include a lender's loss payable, mortgagee or additional insured, as applicable, endorsement, or otherwise reasonably satisfactory to the Administrative Agent.

Section 5.08 Books and Records: Inspection and Audit Rights.

The Parent will, and the Parent will cause each Restricted Subsidiary to, keep proper books of record and account in which full, true and correct entries (in all material respects) are made of all material financial transactions in relation to its business and activities. The Parent will, and will cause each Restricted Subsidiary to, permit any representatives designated by the Administrative Agent, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers, all at such reasonable times and as often as reasonably requested, provided that only the Administrative Agent on behalf of the Lenders may exercise rights under this Section 5.08 and the Administrative Agent shall not exercise such rights more often than one time during any fiscal year absent the existence of an Event of Default and, in any event, only one such time shall be at the Borrower's expense, and provided, further, that when an Event of Default has occurred and is continuing the Administrative Agent (or any of its designated representatives) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and upon reasonable advance notice. The Administrative Agent shall provide the Borrower the opportunity to participate in any discussions with any such independent accountants. Notwithstanding anything to the contrary in this Section 5.08, neither the Parent nor any Restricted Subsidiary will be required to disclose or permit the inspection or discussion of, any document, information or other matter (i) that constitutes trade secrets or proprietary information, (ii) in respect of which disclosure to the Administrative Agent or any Lender (or their representatives or contractors) is prohibited by law, fiduciary duty or any binding agreement or (iii) that is subject to attorney client or similar privilege or constitutes attorney work product.

Section 5.09 Compliance with Laws.

The Parent will, and will cause each Restricted Subsidiary to, comply with all Requirements of Law (including, without limitation, OFAC, FCPA, the Patriot Act, the Terrorism Act 2000, Anti-Terrorism Crime & Security Act 2001, Proceeds of Crime Act 2002, Money Laundering Regulations 2007, and the Bribery Act 2010 of the United Kingdom (it being understood that any Foreign Subsidiary will only be required to comply with the relevant corresponding local laws)) with respect to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 5.10 Use of Proceeds.

(a) The proceeds of the Initial Term Loans (other than the Tranche B-4 Term Loans and the Euro Tranche B-1 Term Loans) will be used, directly or indirectly, by the Borrower (i) together with cash on hand, to consummate the Transactions, including the payment of the Transaction Costs and (ii) for general corporate purposes. The proceeds of the Initial Revolving Borrowing will be used on the Effective Date and the Acquisition Closing Date, in an amount not to exceed \$100,000,000 to consummate the Transactions, including the payment of Transaction Costs, and for working capital and other general corporate purposes. The proceeds of the Tranche B-4 Term Loans and the Euro Tranche B-1 Term Loans will be used on the First Amendment Effective Date for the repayment of the Tranche B-2 Term Loans and for the payment of any fees, accrued interest, expenses and premiums in connection therewith and in connection with the incurrence of the Tranche B-4 Term Loans and the Euro Tranche B-1 Term Loans.

(b) The proceeds of the Revolving Loans and any other Loans borrowed after the Effective Date and Letters of Credit will be used for working capital, capital expenditures, general corporate purposes and any other purpose of the Parent and its Subsidiaries not otherwise prohibited under this Agreement (including, without limitation, Restricted Payments, Investments, Acquisitions and to fund Transaction Costs).

(c) No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

Section 5.11 Execution of Subsidiary Guaranty and Security Documents after the Effective Date.

(a) Subject to Section 5.12(b), (c) and (d), in the event that any Person becomes a Domestic Restricted Subsidiary (including any Unrestricted Subsidiary that becomes a Domestic Restricted Subsidiary) after the date hereof (other than any Restricted Subsidiary for so long as it is an Excluded Subsidiary) or any Domestic Restricted Subsidiary (including any Electing Guarantor) ceases to be an Excluded Subsidiary, the Parent, Holdco, the Borrower or other applicable Loan Parties will promptly (and in no event later than 60 days thereafter or such later date as the Administrative Agent may agree in its reasonable discretion) notify Administrative Agent of that fact and cause such Domestic Restricted Subsidiary to execute and deliver to the Administrative Agent counterparts of the Subsidiary Guaranty (or Parent Companies Guaranty, as applicable) and the US Collateral Agreement and each other US Security Document and to take all such further actions and execute all such further documents and instruments as required by the US Collateral Agreement and each other US Security Document to secure the Secured Obligations for the benefit of the Secured Parties (including all actions necessary to cause such Lien to be duly perfected to the extent required by such US Security Document, including the filing of financing statements in such jurisdictions as may be reasonably requested by the Administrative Agent and in all events to exclude Excluded Property). In addition, as and to the extent provided in the US Collateral Agreement or any other Security Document, as applicable, (subject to all applicable exceptions and limitations therein and herein), the applicable US Loan Party shall deliver to the Collateral Agent all certificates, if any, representing Equity Interests of such Domestic Restricted Subsidiary (accompanied by undated stock powers, duly endorsed in blank) as required thereunder. Under no circumstance will any US Loan Party be required to execute any Security Documents governed by the laws of any jurisdiction other than the United States of America, any State thereof or the District of Columbia other than with respect to the pledge of the Equity Interests of a Loan Party under the laws of the United States or the United Kingdom.

(b) Subject to Section 5.12(b), (c) and (d), in the event that any Person becomes a Domestic Restricted Subsidiary after the date hereof (other than any Domestic Restricted Subsidiary for so long as it is an Excluded Subsidiary), concurrently with the execution and delivery of counterparts to the Subsidiary Guaranty (or Parent Companies Guaranty, as applicable) and US Collateral Agreement pursuant to Section 5.11(a), such Domestic Restricted Subsidiary shall deliver to the Administrative Agent, (i) certified copies of such Domestic Restricted Subsidiary's Organizational Documents or, if such document is of a type that may not be so certified, certified by the secretary or similar officer of the applicable Domestic Restricted Subsidiary, and (ii) a certificate executed on behalf of such Domestic Restricted Subsidiary by the secretary or similar officer of such Domestic Restricted Subsidiary as to (a) the fact that the attached resolutions of the Governing Body of such Domestic Restricted Subsidiary approving and authorizing the execution, delivery and performance of such Loan Documents are in full force and effect and have not been modified or amended and (b) the incumbency and signatures of the officers of such Domestic Restricted Subsidiary executing such Loan Documents.

(c) Subject to Section 5.12(b), (c) and (d), in the event that any Person that is a UK Subsidiary becomes a Restricted Subsidiary of the Parent (including any Unrestricted Subsidiary that becomes a Restricted Subsidiary of the Parent) after the date hereof (other than any Restricted Subsidiary for so long as it is an Excluded Subsidiary) or any UK Subsidiary that is a Restricted Subsidiary of the Parent (including any Electing Guarantor) ceases to be an Excluded Subsidiary, the Borrower or applicable Loan Party will promptly (and in no event later than 60 days thereafter or such later date as the Administrative Agent may agree in its reasonable discretion) notify Administrative Agent of that fact and cause such Restricted Subsidiary to execute and deliver to the Administrative Agent the Subsidiary Guaranty (or Parent Companies Guaranty, as applicable) and all other applicable UK Security Documents and to take such actions to grant Liens in favor of the Collateral Agent to secure the Secured Obligations and for the benefit of the Secured Parties in the assets of such Restricted Subsidiary that constitute Collateral pursuant to the Security Documents, as applicable, or any other collateral and security documents providing, to the extent practicable under relevant law (as reasonably determined by the Administrative Agent and the Borrowers), substantially the equivalent of the Lien contemplated to be provided by grantors under the Security Documents in effect on the Effective Date or to be put into effect in accordance with Section 5.16 (and execute all such further documents and instruments as required by such Security Documents), or otherwise in accordance with customary practice in the applicable jurisdiction as reasonably determined by the Administrative Agent and the Borrower (including limitations necessary to comply with any Requirement of Law), (including all actions necessary to cause such Lien to be duly perfected (or the equivalent under applicable law) to the extent required by such Security Document, including the filing of notices or recordings in such jurisdictions as may be reasonably requested by the Administrative Agent, and in all events to exclude Excluded Property. In addition, as and to the extent provided in the applicable Security Document (subject to all applicable exceptions and limitations therein), the applicable Loan Party shall deliver to the Collateral Agent all certificates, if any, representing Equity Interests issued to such Loan Party (accompanied by undated stock powers, duly endorsed in blank) as required thereunder.

(d) Subject to Section 5.12(b), (c) and (d), in the event that any Person that is a UK Subsidiary becomes a Restricted Subsidiary of the Parent after the date hereof (other than any Restricted Subsidiary for so long as it is an Excluded Subsidiary), concurrently with the execution and delivery of the agreements, instruments or other documents pursuant to Section 5.11(c), such Restricted Subsidiary shall deliver to the Administrative Agent, (i) certified copies of such Restricted Subsidiary's Organizational Documents or, if such document is of a type that may not be so certified, certified by the secretary or similar officer of the applicable Restricted Subsidiary, and (ii) a certificate executed on behalf of such Restricted Subsidiary by the secretary or similar officer of such Restricted Subsidiary as to (a) the fact that the attached resolutions of the Governing Body of such Restricted Subsidiary approving and authorizing the execution, delivery and performance of such Loan Documents are in full force and effect and have not been modified or amended and (b) the incumbency and signatures of the officers of such Restricted Subsidiary executing such Loan Documents (or in lieu of the delivery of the items set forth in this Section 5.11(d), such Loan Party shall deliver a customary director's certificate, including customary attachments thereto including any items that may be reasonably required by any counsel providing a legal opinion in respect of such Loan Party).

(e) If, at any time, (x) (i) a Restricted Subsidiary is designated as an Unrestricted Subsidiary or an Immaterial Subsidiary in accordance with this Agreement or (ii) an Electing Guarantor has been re-designated (at the option, and in the sole discretion, of the Borrower in accordance with Section 5.13(b)) as an Excluded Subsidiary, the Collateral Agent shall release such Subsidiary from any Subsidiary Guaranty and all Security Documents to which it may be a party and to the extent such Subsidiary's Equity Interests were pledged (or otherwise secured) as Collateral, such pledge (or other security) shall be released and, upon the request of any Loan Party, any certificates in respect thereof shall be promptly returned to the applicable Loan Party or (y) adverse tax consequences could (in the good faith determination of the Borrower in consultation with the Administrative Agent) result to the Borrower, the Parent or any Subsidiary of the Parent (i) from any Security Document executed and delivered by any Subsidiary that is a Foreign Subsidiary of any US Loan Party or any CFC Holding Company, or any other Domestic Subsidiary of the Parent, the Collateral Agent shall release such Restricted Subsidiary from any such Security Document, or (ii) from any Lien granted under any Loan Document in respect of the Equity Interests in any Foreign Subsidiary of any US Loan Party or CFC Holding Company, such Lien shall be released. Notwithstanding the foregoing, in no event shall Equity Interests of any Unrestricted Subsidiary or any of such Unrestricted Subsidiary's assets constitute Collateral, and the Administrative Agent and Collateral Agent shall take all actions required hereunder and under the other Loan Documents to effect the foregoing.

(f) Subject to Section 5.12(b), (c) and (d), from and after the Effective Date, in the event that (i) any Loan Party acquires fee simple interest in any Material Real Property (except to the extent constituting Excluded Property or subject to a Lien permitted under Section 6.02 securing Indebtedness permitted by Section 6.01 incurred to acquire such Material Real Property (or refinance such Indebtedness)) or (ii) at the time any Person becomes a Loan Party, such Person owns any Material Real Property (excluding any such Material Real Property constituting Excluded Property or subject to a Lien permitted under Section 6.02 securing Indebtedness permitted by Section 6.01 incurred to acquire such Material Real Property (or refinance such Indebtedness)), such Loan Party shall deliver to the Collateral Agent, within 120 days (or such later date as the Administrative Agent may agree in its reasonable discretion) after such Person acquires such Material Real Property or becomes a Loan Party, as the case may be, the following with respect to each such parcel of Material Real Property (each an "Additional Mortgaged Property"):

(i) A fully executed and, to the extent necessary, notarized Mortgage, in proper form for recording in the applicable jurisdictions required by law to establish and perfect the Mortgage in favor of the Collateral Agent, encumbering the interest of such Loan Party in such Additional Mortgaged Property;

(ii) An opinion of counsel in the state or other jurisdiction in which such Additional Mortgaged Property is located with respect to the enforceability of the form of such Mortgage to be recorded in such state or other jurisdiction and such other customary matters as the Administrative Agent may reasonably request;

(iii) (A) ALTA mortgagee title insurance policy or unconditional commitments therefor (the "Mortgage Policy") issued by a Title Company with respect to such Additional Mortgaged Property located in the United States, in an amount to be mutually agreed between the Borrower, the Administrative Agent and Collateral Agent, insuring title to such Additional Mortgaged Property vested in such Loan Party, which such Mortgage Policy shall, to the extent available under applicable state law, include an endorsement for mechanics' Liens, for future advances under this Agreement; and (B) evidence reasonably satisfactory to the Administrative Agent that such Loan Party has (i) delivered to the Title Company all certificates and affidavits required by the Title Company in connection with the issuance of the Mortgage Policy and (ii) paid (or made provision for payment) to the Title Company or to the appropriate Governmental Authorities all expenses and premiums of the Title Company in connection with the issuance of such Mortgage Policy and all taxes and fees, including stamp taxes, mortgage recording taxes and fees and intangible taxes, payable in connection with recording the Mortgage in the appropriate real estate records;

(iv) A title report issued by the Title Company with respect to such Additional Mortgaged Property located in the United States;

(v) An ALTA survey of the Additional Mortgaged Property located in the United States to the extent already prepared and available;

(vi) To the extent available, copies of all recorded documents listed as exceptions to title or otherwise referred to in the Mortgage Policy or in the title reports delivered pursuant to clause (iv) above; and

(vii) With respect to any Additional Mortgaged Property located in the United States, evidence, which may be in the form of a letter or other written document from an insurance broker or a municipal engineer or other Person reasonably acceptable to the Administrative Agent, as to whether (1) such Additional Mortgaged Property is a Flood Hazard Property and (2) the community in which any such Flood Hazard Property is located is participating in the National Flood Insurance Program, (B) if such Additional Mortgaged Property is a Flood Hazard Property, such Loan Party's written acknowledgement of receipt of written notification from Administrative Agent (1) that such Additional Mortgaged Property is a Flood Hazard Property and (2) as to whether the community in which each such Flood Hazard Property is located is participating in the National Flood Insurance Program, and (C) in the event such Flood Hazard Property is located in a community that participates in the National Flood Insurance Program, evidence that the applicable Loan Party has obtained flood insurance in respect of such Flood Hazard Property to the extent required under the applicable regulations of the Board.

(a) Subject to Section 5.11 and Section 5.12(b), (c) and (d) and the terms, conditions and provisions of the Security Documents applicable to such Loan Party, the Parent, Holdco and the Borrower shall, and shall cause the other Loan Parties to, promptly upon reasonable request by the Administrative Agent or the Collateral Agent (i) correct any jointly identified material defect or error that may be discovered in the execution, acknowledgment, filing or recordation of any Security Document or other document or instrument relating to any Collateral, and (ii) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent or the Collateral Agent may reasonably request from time to time, and in order to carry out more effectively the purposes thereof, in each case, to the extent required by this Agreement and the Security Documents.

(b) Notwithstanding anything in this Agreement or any Security Document to the contrary: (i) neither the Administrative Agent nor the Collateral Agent shall take, and the Loan Parties shall not be required to grant, a security interest in any Excluded Property; (ii) any security interest required to be granted or any action required to be taken, including to perfect such security interest, shall be subject to the same exceptions and limitations as those set forth in the Security Documents; (iii) no Loan Party shall be required, nor shall the Administrative Agent or Collateral Agent be authorized to perfect any pledges, charges, assignments, security interests and mortgages in any Collateral by any means other than (A) filings pursuant to the UCC (or similar filing in the United Kingdom) in the office of the secretary of state (or similar central filing office) of the relevant State(s) other jurisdiction and filings in the applicable real estate records with respect to mortgaged properties or any fixtures relating to Material Real Property, (B) filings in United States or United Kingdom government offices (including registrations with the European Union) with respect to Intellectual Property constituting Collateral as expressly required by the Loan Documents, (C) delivery to the Collateral Agent to be held in its possession of all Collateral consisting of intercompany notes in an amount individually in excess of \$15,000,000, stock certificates of the Borrower and its Restricted Subsidiaries and other instruments issued to any Loan Party in an amount individually in excess of \$15,000,000, (D) mortgages in respect of Material Real Property and (E) necessary perfection steps with respect to commercial tort claims over \$15,000,000 individually, and other than as expressly required by Section 5.11(a) or (b), no US Loan Party shall be required to take any action outside the United States to perfect any security interest in the Collateral (including the execution of any agreement, document or other instrument governed by the law of any jurisdiction other than the United States of America, any State thereof or the District of Columbia) and no UK Loan Party shall be required to take any action outside of the United Kingdom to perfect any security interest in the Collateral (including execution of any agreement, document or other instrument governed by the law of any jurisdiction other than the United Kingdom), other than, in each case, with respect to the pledge of the Equity Interests of a Loan Party under the laws of the United States or the United Kingdom as provided in the Security Documents; (iv) no Loan Party shall have any obligation under any Loan Document to enter into any landlord, bailee or warehousemen waiver, estoppel or consent or any other document of similar effect; (v) in no event shall any Loan Party be required to take any action to perfect the security interest granted under the Security Documents in Collateral consisting of (A) cash or Cash Equivalents, (B) entering into any deposit account control agreement or securities account control agreement with respect to any deposit account or securities account (including securities entitlements and related assets credited thereto) or (C) other assets requiring perfection through the implementation of control agreements or perfection by “control” or notice of such security or acknowledgment of such security (other than possession by the Collateral Agent to the extent set forth in clause (iii) above and as further expressly required under the Security Documents) in each case under this clause (v), except, in each case, to the extent such perfection may be achieved by the filing of a UCC financing statement or similar filing in the United Kingdom; and (vi) no Loan Party shall be required to enter into any source code escrow arrangement (or, except as otherwise expressly set forth in the Security Documents, be obligated to register intellectual property).

(c) Neither the Administrative Agent nor the Collateral Agent shall obtain or perfect a security interest in any assets of any Loan Party as to which the Borrower in consultation with the Administrative Agent, shall determine that the cost of obtaining or perfecting such security interest is excessive in relation to the benefit to the Lenders of the security afforded thereby (such comparison to be determined in a manner consistent with any such determination made in connection with the Effective Date) or would otherwise violate applicable law.

(d) Notwithstanding anything in this Agreement or any Security Document to the contrary, the Parent shall not form or permit to exist a Subsidiary which is a direct or indirect parent company of the Borrower unless (i) such Subsidiary is organized under the laws of the United States or the United Kingdom and such Subsidiary is party to, or becomes party to in accordance with Section 5.11(a) or Section 5.11(c), as applicable, the Parent Companies Guaranty or the Subsidiary Guaranty, as applicable, or (ii) such Subsidiary is organized under the laws of Luxembourg, Ireland, the Cayman Islands or such other jurisdiction as may be agreed by the Administrative Agent in its sole discretion and provides a guaranty and Security Documents in respect of the Obligations, in each case, in form and substance reasonably satisfactory to the Administrative Agent; provided that if such Subsidiary is organized in the Cayman Islands, it is treated for U.S. tax purposes as disregarded from a corporation organized under the laws of the United States or the United Kingdom.

(e) Notwithstanding anything in this Agreement or any Security Document to the contrary, the Administrative Agent may, in its sole discretion, grant extensions of time for the satisfaction of any of the requirements under Section 5.11 and Section 5.12 in respect of any particular Collateral or any particular Subsidiary if it determines that the satisfaction thereof with respect to such Collateral or such Subsidiary cannot be accomplished without undue expense or unreasonable effort or due to factors beyond the control of the Parent and the Restricted Subsidiaries by the time or times at which it would otherwise be required to be satisfied under this Agreement or any Security Document.

(a) The Parent may designate (or re-designate) any Restricted Subsidiary (other than the Borrower or any Subsidiary of the Parent that directly or indirectly owns Equity Interests in the Borrower) as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that immediately before and after such designation, no Event of Default shall have occurred and be continuing. The designation of any Subsidiary as an Unrestricted Subsidiary after the Effective Date in accordance with this Section 5.13(a) shall constitute an Investment by the Parent or the relevant Restricted Subsidiary, as applicable, therein at the date of designation in an amount equal to the fair market value (as determined in good faith by the Borrower) of the Investments held by the Parent and/or the applicable Restricted Subsidiaries in such Unrestricted Subsidiary immediately prior to such designation. Upon any such designation (but without duplication of any amount reducing such Investment in such Unrestricted Subsidiary pursuant to the definition of "Investment"), the Parent and/or the applicable Restricted Subsidiaries shall receive a credit against the applicable clause in Section 6.04 that was utilized for the Investment in such Unrestricted Subsidiary for all Returns in respect of such Investment. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary in accordance with this Section 5.13 shall constitute the incurrence by such Restricted Subsidiary at the time of designation of any Indebtedness or Liens of such Restricted Subsidiary outstanding at such time (to the extent assumed).

(b) The Parent may designate (or re-designate) any Restricted Subsidiary that is an Excluded Subsidiary as an Electing Guarantor. The Parent may designate (or re-designate) any Electing Guarantor as an Excluded Subsidiary; provided that (i) after giving effect to such release, such Restricted Subsidiary shall not be a guarantor of any Credit Agreement Refinancing Indebtedness, any Additional Term Notes, any Unrestricted Additional Term Notes or any Term Loan Exchange Notes, (ii) such redesignation shall constitute an Investment by the Parent or the relevant Restricted Subsidiary, as applicable, therein at the date of designation in an amount equal to the fair market value (as determined in good faith by the Borrower) of the Investments held by the Parent and/or the applicable Restricted Subsidiaries in such Electing Guarantor immediately prior to such re-designation and such Investments shall otherwise be permitted hereunder and (iii) any Indebtedness or Liens of such Restricted Subsidiary (after giving effect to such release) shall be deemed to be incurred at the time of such release by such Electing Guarantor and such incurrence shall otherwise be permitted hereunder.

Section 5.14 Conduct of Business. From and after the Effective Date, the Parent and its Restricted Subsidiaries will engage only in lines of business of the type engaged in by the Parent and its Restricted Subsidiaries on the Effective Date and similar, ancillary, supportive, complementary, synergetic or related businesses or reasonable extensions thereof (and non-core incidental businesses acquired in connection with any Acquisition or permitted Investment or other immaterial businesses).

Section 5.15 Maintenance of Ratings. The Parent will use commercially reasonable efforts to maintain a public corporate credit rating from S&P and a public corporate family rating from Moody's and a public rating of the Loans by each of S&P and Moody's (but in each case not any specific rating).

Section 5.16 Post-Closing Covenants. The Borrower agrees to deliver, or cause to be delivered, to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent, the items described on Schedule 5.16 hereof on or before the dates specified with respect to such items, or such later dates as may be agreed to by the Administrative Agent in its reasonable discretion.

ARTICLE VI
Negative Covenants

From and after the Effective Date and until the Termination Date, each of the Parent, Holdco and the Borrower covenants and agrees with the Lenders that:

Section 6.01 Indebtedness: Certain Equity Securities.

(a) The Parent will not, and will not permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(i) Indebtedness created under (A) the Loan Documents or (B) the Seattle Loan Documents and any Permitted Refinancing thereof;

(ii) Indebtedness of the Parent or any other Restricted Subsidiary to the Parent or any other Restricted Subsidiary, provided that (A) Indebtedness of any Restricted Subsidiary that is not a Loan Party to any Loan Party shall, in each case, be incurred (x) in the ordinary course of business (which includes pursuant to any Intercompany License Agreement), (y) arising pursuant to a Permitted Tax Restructuring or (z) be otherwise permitted by Section 6.04 (other than due to Section 6.04(aa)) and (B) Indebtedness of any Loan Party to a Restricted Subsidiary that is not a Loan Party shall be subordinated to the Obligations on terms which prohibit the repayment thereof after the acceleration of the Loans or bankruptcy of such Loan Party;

(iii) Guarantees by the Parent or any Restricted Subsidiary of Indebtedness of the Parent or any other Restricted Subsidiary, provided that (A) the Indebtedness so Guaranteed is otherwise permitted by this Section, (B) Guarantees by any Loan Party of Indebtedness of any Restricted Subsidiary that is not a Loan Party shall, in each case, be (x) made in the ordinary course of business or (y) permitted by Section 6.04 (other than due to Section 6.04(aa)) and (C) if Indebtedness being guaranteed is subordinated in right of payment to the Obligations under the Loan Documents, such Guarantees permitted under this clause (iii) shall be subordinated to the applicable Loan Party's Obligations to the same extent and on the same terms as the Indebtedness so Guaranteed is subordinated to the Obligations;

(iv) (A) Indebtedness incurred to finance the acquisition, development, construction, restoration, replacement, rebuilding, maintenance, upgrade or improvement of any fixed or capital assets, including Capital Lease Obligations, Synthetic Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, provided that such Indebtedness is incurred prior to or within 270 days after such acquisition or the completion of such development, construction, restoration, replacement, rebuilding, maintenance, upgrade or improvement, and (B) extensions, renewals and replacements of any such Indebtedness so long as the principal amount of such extensions, renewals and replacements does not exceed the principal amount of the Indebtedness being extended, renewed or replaced (plus any accrued but unpaid interest (including any portion thereof which is payable in kind in accordance with the terms of such extended, renewed or replaced Indebtedness) and premium payable by the terms of such Indebtedness thereon and fees and expenses associated therewith), provided that the aggregate principal amount of Indebtedness permitted by this clause (iv) at any time shall not exceed the greater of \$150,000,000 and 10% of Consolidated EBITDA computed on a Pro Forma Basis as of the Applicable Date of Determination;

(v) (a) Indebtedness of (1) any Person acquired or assumed in connection with an Acquisition or permitted Investment or any assets acquired in connection therewith and (2) any Unrestricted Subsidiary that is redesignated as a Restricted Subsidiary (it being acknowledged that (x) a Person that becomes a direct or indirect Restricted Subsidiary of the Parent as a result of an Acquisition or permitted Investment may remain liable with respect to Indebtedness existing on the date of such acquisition and (y) an Unrestricted Subsidiary that is redesignated as a Restricted Subsidiary may remain liable with respect to Indebtedness existing on the date of such redesignation); provided that (A) such Indebtedness is not created in anticipation of such acquisition or redesignation and (B) the aggregate principal amount of such Indebtedness incurred under this clause (v) does not exceed at any time (I) the greater of (x) \$225,000,000 and (y) 15% of Consolidated EBITDA computed on a Pro Forma Basis as of the Applicable Date of Determination plus (II) unlimited additional Indebtedness if, for purposes of this clause (II), immediately after giving effect to such Acquisition, permitted Investment or redesignation, as the case may be, and the assumption of such Indebtedness, (X) to the extent such Indebtedness is secured on a pari passu basis with the Obligations, the First Lien Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is either (1) not greater than 3.50:1.00 or (2) not greater than such First Lien Leverage Ratio immediately prior to the consummation of such Acquisition, Investment or redesignation and the assumption of such Indebtedness, or (Y) to the extent such Indebtedness is unsecured or secured on a junior basis with the Obligations, the Total Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is either (1) not greater than 3.50:1.00 or (2) not greater than such Total Leverage Ratio immediately prior to the consummation of such Acquisition, Investment or redesignation and the assumption of such Indebtedness (it being understood and agreed that unless notified by Borrower, (A) the Borrower shall be deemed to have used capacity under this clause (II) (to the extent compliant therewith) prior to utilization of amounts of the type described in clause (I) above, (B) Indebtedness may be incurred in respect of both this clause (II) and clause (I) above, and the proceeds from any such incurrence in respect of both clauses may be utilized in a single transaction by first calculating the incurrence in respect of this clause (II) and then calculating the incurrence in respect of clause (I) above and (C) the Borrower may re-designate any such Indebtedness originally incurred in respect of clause (I) as incurred in respect of clause (II) if, at the time of such re-designation, the Borrower would be permitted to incur such Indebtedness under clause (II) the aggregate principal amount of Indebtedness being so re-designated (for purposes of clarity, with any such re-designation having the effect of increasing the Borrower's ability to incur Indebtedness in respect of clause (I) as of the date of such re-designation by the amount of such Indebtedness so re-designated); and (b) in the case of clause (II) to the proviso in clause (a) above, any Permitted Refinancing thereof;

(vi) other Indebtedness in an aggregate principal amount outstanding at any time not exceeding the greater of (x) \$300,000,000 and (y) 20% of Consolidated EBITDA computed on a Pro Forma Basis as of the Applicable Date of Determination;

(vii) Indebtedness owed to any Person (including obligations in respect of letters of credit for the benefit of such Person) providing workers' compensation, health, disability or other employee benefits or property, casualty, liability insurance, self-insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business or consistent with past practice;

(viii) Indebtedness in respect of or guarantee of performance bonds, bid bonds, appeal bonds, surety bonds, performance and completion guarantees, workers' compensation claims, letters of credit, bank guarantees and banker's acceptances, warehouse receipts or similar instruments and similar obligations (other than in respect of other Indebtedness for borrowed money) including, without limitation, those incurred to secure health, safety and environmental obligations, in each case provided in the ordinary course of business or consistent with past practice;

(ix) Indebtedness in respect of Swap Agreements not entered into for speculative purposes;

(x) [Reserved];

(xi) Indebtedness of any Restricted Subsidiary that is not a Loan Party; provided that the aggregate amount of Indebtedness outstanding at any time pursuant to this clause (xi) shall not exceed the greater of \$150,000,000 and 10% of Consolidated EBITDA computed on a Pro Forma Basis as of the Applicable Date of Determination;

(xii) Indebtedness with respect to financial accommodations of the nature described in the definition of "Cash Management Obligations," and other Indebtedness in respect of treasury, depository, cash management and netting services, automatic clearinghouse arrangements, overdraft protections and similar arrangements or otherwise in connection with securities accounts and deposit accounts, in each case, in the ordinary course of business;

(xiii) Indebtedness consisting of (a) the financing of insurance premiums or (b) take or pay obligations contained in supply arrangements, in each case, in the ordinary course of business or consistent with past practice;

(xiv) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price adjustments (including earn-outs) or similar obligations, in each case incurred or assumed in connection with the Transactions or any other acquisition or disposition of any business or assets permitted under this Agreement;

(xv) Indebtedness to the seller of any business or assets permitted to be acquired by the Parent or any Restricted Subsidiary under this Agreement; provided that the aggregate amount of Indebtedness permitted under this clause (xv) shall not exceed the greater of \$75,000,000 and 5% of Consolidated EBITDA outstanding at any time;

(xvi) [Reserved];

(xvii) [Reserved];

(xviii) (A) Credit Agreement Refinancing Indebtedness issued, incurred or otherwise obtained in exchange for or to refinance Term Loans and/or Revolving Loan and Commitments so long as the requirements of Section 2.11(e) are complied with, (B) Seattle Credit Agreement Refinancing Indebtedness issued, incurred or otherwise obtained in exchange for or to the refinance the Seattle Term Loans and (C) any Permitted Refinancing of any thereof pursuant to clause (A) or (B);

(xix) Indebtedness described on Schedule 6.01(a) annexed hereto, including any unused commitment and any Permitted Refinancing thereof;

(xx) endorsement of instruments or other payment items for deposit in the ordinary course of business;

(xxi) [Reserved];

(xxii) [Reserved];

(xxiii) [Reserved];

(xxiv) to the extent constituting Indebtedness, Guarantees in the ordinary course of business of the obligations of suppliers, customers, franchisees and licensees of the Parent and its Subsidiaries;

(xxv) performance Guarantees of the Parent and its Restricted Subsidiaries primarily guaranteeing performance of contractual obligations of the Parent or Restricted Subsidiaries to a third party and not primarily for the purpose of guaranteeing payment of Indebtedness;

(xxvi) Indebtedness (other than Indebtedness for borrowed money) supported by any Letter of Credit, in each case, in an amount not to exceed the face amount of such Letter of Credit;

(xxvii) obligations in respect of letters of support, guarantees or similar obligations issued, made or incurred for the benefit of any Subsidiary of the Parent to the extent required by law or in connection with any statutory filing or the delivery of audit opinions performed in jurisdictions other than within the United States;

(xxviii) Indebtedness incurred in connection with Permitted Sale Leaseback transactions in an aggregate principal amount not to exceed the greater of \$150,000,000 and 10% of Consolidated EBITDA at any time;

(xxix) Indebtedness of (a) any Securitization Subsidiary arising under any Securitization Facility or (b) the Parent or any Restricted Subsidiary arising under any Receivables Facility, in an aggregate principal amount under this clause (xxix) not to exceed the greater of \$75,000,000 and 5% of Consolidated EBITDA at any time;

(xxx) (a) Additional Term Notes, Unrestricted Additional Term Notes, Refinancing Notes and Term Loan Exchange Notes, (b) Seattle Additional Term Notes, Seattle Unrestricted Additional Term Notes, Seattle Refinancing Notes and Seattle Term Loan Exchange Notes and (c) Permitted Refinancings of any of the foregoing under clause (a) or (b);

(xxxi) [Reserved];

(xxxii) (a) Additional Debt in an aggregate amount not to exceed (1) \$750,000,000 outstanding at any time (minus, to the extent incurred prior to such incurrence of Additional Debt, any Unrestricted Incremental First Lien Indebtedness of the type described in clause (x) of such definition), and Seattle Unrestricted Incremental First Lien Indebtedness of the type described in clause (x) of such definition under the Seattle Credit Agreement and Seattle Unrestricted Additional Debt ("Unrestricted Additional Debt"), plus (2) the amount of any voluntary prepayments (or repurchases) of the Term Loans and voluntary permanent reductions of the Revolving Commitments effected after the Effective Date and the amount of any voluntary prepayments (or repurchases) of the Seattle Term Loans, First Lien Senior Secured Notes or any other Indebtedness secured by the Collateral on a pari passu basis with the Liens securing the Obligations (minus, to the extent incurred prior to such incurrence of Additional Debt, any Unrestricted Incremental First Lien Indebtedness of the type described in clause (y) of such definition and any Seattle Unrestricted Incremental First Lien Indebtedness of the type described in clause (y) of such definition under the Seattle Credit Agreement) (in each case, other than to the extent financed with the proceeds of long-term Indebtedness (other than revolving Indebtedness)), plus (3) unlimited Additional Debt if, for purposes of this clause (3) immediately before and after giving effect to each such incurrence and the application of the proceeds therefrom, (A) to the extent such Indebtedness is secured on a pari passu basis with the Obligations, the First Lien Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is not greater than 3.50:1.00 or (B) to the extent such Indebtedness is unsecured or secured on a junior basis with the Obligations, the Total Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is not greater than 3.50:1.00 (it being understood and agreed that unless notified by the Borrower, (I) the Borrower shall be deemed to have used capacity under this clause (3) (to the extent compliant therewith) prior to utilization of amounts of the type described in clauses (1) and (2) above, (II) Indebtedness may be incurred in respect of both this clause (3) and clauses (1) and/or (2) above, and the proceeds from any such incurrence in respect of all clauses may be utilized in a single transaction by first calculating the incurrence in respect of this clause (3) and then calculating the incurrence in respect of clauses (1) and (2) above and (3) the Borrower may re-designate any such Indebtedness originally incurred in respect of clause (1) or (2) as incurred in respect of clause (3) if, at the time of such re-designation, the Borrower would be permitted to incur such Indebtedness under clause (3) the aggregate principal amount of Indebtedness being so re-designated (for purposes of clarity, with any such re-designation having the effect of increasing the Borrower's ability to incur Indebtedness in respect of clause (1) and/or (2) as of the date of such re-designation by the amount of such Indebtedness so re-designated); provided that if such Additional Debt is incurred in connection with an acquisition or investment, (x) to the extent such Indebtedness is secured on a pari passu basis with the Obligations, the First Lien Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is either (I) not greater than 3.50:1.00 or (II) not greater than such First Lien Leverage Ratio immediately prior to the consummation of such acquisition or investment and the incurrence of such Indebtedness, or (y) to the extent such Indebtedness is unsecured or secured on a junior basis with the Obligations, the Total Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is either (I) not greater than 3.50:1.00 or (II) not greater than such Total Leverage Ratio immediately prior to the consummation of such acquisition or investment and the incurrence of such Indebtedness; provided further that the maximum aggregate principal amount of such Additional Debt that may be incurred pursuant to this clause (xxxii) by a Restricted Subsidiary that is not a Loan Party shall not exceed at any one time outstanding the greater of (x) \$150,000,000 and (y) 10% of Consolidated EBITDA calculated on a Pro Forma Basis as of the Applicable Date of Determination and (b) in the case of clause (a)(3) above, any Permitted Refinancing thereof; provided solely in the event that the Yield for any term loan incurred as Additional Debt pursuant to this Section 6.01(a)(xxxii) which is secured on a pari passu basis with the Initial Term Loans (other than such Additional Debt incurred in reliance on clause (2) of this Section 6.01(a)(xxxii)(a) (except if the capacity under clause (2) of this Section 6.01(a)(xxxii)(a) results from prepayments made with the proceeds of Indebtedness which is secured on a pari passu basis with the Initial Term Loans (other than Revolving Loans)) is higher than the Yield for the Initial Term Loans by more than 50 basis points, then the Initial Term Loans shall be subject to the adjustment (if applicable) set forth in clause (G) to the proviso in Section 2.20(b)(ii) as if such Additional Debt were an Incremental Term Loan incurred hereunder; and

(xxxiii) Indebtedness in an amount equal to 100% of the aggregate Net Proceeds received by the Parent after the Closing Date from the issue or sale of Qualified Equity Interests plus cash contributed to the Parent that has not increased the Available Amount or the Cure Amount; and

For purposes of determining compliance with this Section 6.01, in the event that an item of Indebtedness (or any portion thereof) at any time meets the criteria of more than one of the categories described above in this paragraph (a) or is entitled to be incurred pursuant to clauses (iv), (v), (vi), (xi), (xv), (xviii), (xix), (xxviii), (xxix), (xxx), (xxxii), or (xxxiii) of this paragraph (a), the Borrower, in its sole discretion, may classify or reclassify (or later divide, classify or reclassify) such item of Indebtedness (or any portion thereof) and shall only be required to include the amount and type of such Indebtedness in one of the above clauses. Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount and the payment of interest, premium, fees or expenses, in the form of additional Indebtedness, Disqualified Equity Interests or preferred stock shall not be deemed to be an incurrence of Indebtedness for purposes of this Section 6.01.

For purposes of determining compliance with any restriction on the incurrence of Indebtedness, the principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; provided that if such Indebtedness is incurred to extend, replace, refund, refinance, renew or defease other Indebtedness denominated in a foreign currency, and such extension, replacement, refunding, refinancing, renewal or defeasance would cause the applicable restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such extension, replacement, refunding, refinancing, renewal or defeasance, such restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased, plus the amount of any premium paid, and fees and expenses incurred, in connection with such extension, replacement, refunding refinancing, renewal or defeasance (including any fees and original issue discount incurred in respect of such resulting Indebtedness).

(b) The Parent will not, and will not permit any Restricted Subsidiary to, issue any Disqualified Equity Interests, except to the extent that any such Disqualified Equity Interest qualifies as Indebtedness that is permitted to be incurred under Section 6.01.

Section 6.02 Liens. The Parent will not, and will not permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, except:

(a) Liens pursuant to any Loan Document or the Seattle Loan Documents;

(b) Permitted Encumbrances;

(c) any Lien on any property or asset of the Parent or any Restricted Subsidiary existing on the Effective Date; provided that any Lien securing obligations in excess of (x) \$4,500,000 individually or (y) \$45,000,000 in the aggregate (when taken together with all other Liens securing obligations outstanding in reliance on this clause (c) that are not listed on Schedule 6.02) shall only be permitted to the extent such Lien is permitted by another clause in this Section 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Parent or any Restricted Subsidiary (other than any replacements of such property or assets and additions and accessions thereto, after-acquired property subject to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require, pursuant to their terms at such time, a pledge of after-acquired property, it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition, or asset of the Parent or any Restricted Subsidiary and the proceeds and the products thereof and customary security deposits in respect thereof and in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender) and (ii) such Lien shall secure only those obligations and unused commitment that it secures on the date hereof and extensions, renewals and replacements thereof so long as the principal amount of such extensions, renewals and replacements does not exceed the principal amount of the obligations being extended, renewed or replaced (plus any accrued but unpaid interest (including any portion thereof which is payable in kind in accordance with the terms of such extended, renewed or replaced Indebtedness) and premium payable by the terms of such obligations thereon and reasonable fees and expenses associated therewith);

(d) any Lien existing on any property or asset prior to the acquisition thereof by the Parent or any Restricted Subsidiary or existing on any property or asset of any Person that became or becomes a Restricted Subsidiary (including as a result of any Unrestricted Subsidiary being redesignated as a Restricted Subsidiary) after the Closing Date prior to the time such Person became or becomes a Restricted Subsidiary; provided that (i) such Lien is not created in contemplation of such acquisition or such Person becoming a Restricted Subsidiary, as the case may be, and (ii) such Lien shall not apply to any other property or asset of the Parent or any Restricted Subsidiary (other than any replacements of such property or assets and additions and accessions thereto, after-acquired property subject to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require, pursuant to their terms at such time, a pledge of after-acquired property, and the proceeds and the products thereof and customary security deposits in respect thereof and in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender) and (iii) such Lien shall secure only those obligations and unused commitments (and to the extent such obligations and commitments constitute Indebtedness, such Indebtedness is permitted hereunder) that it secures on the date of such acquisition or the date such Person becomes a Restricted Subsidiary, as the case may be, and extensions, renewals and replacements thereof so long as the principal amount of such extensions, renewals and replacements does not exceed the principal amount of the obligations being extended, renewed or replaced (plus any accrued but unpaid interest (including any portion thereof which is payable in kind in accordance with the terms of such extended, renewed or replaced Indebtedness) and premium payable by the terms of such obligations thereon and fees and expenses associated therewith);

(e) Liens on fixed or capital assets acquired, developed, constructed, restored, replaced, rebuilt, maintained, upgraded or improved (including any such assets made the subject of a Capital Lease Obligation or Synthetic Lease Obligation incurred) by the Parent or any Restricted Subsidiary; provided that (i) such Liens secure Indebtedness incurred to finance such acquisition, development, construction, restoration, replacement, rebuilding, maintenance, upgrade or improvement and that is permitted by Section 6.01(a)(iv), or to extend, renew or replace such Indebtedness and that is permitted by Section 6.01(a)(v), (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 270 days after such acquisition or the completion of such development, construction, restoration, replacement, rebuilding, maintenance, upgrade or improvement (provided that this clause (ii) shall not apply to any Indebtedness permitted by Section 6.01(a)(v) or any Lien securing such Indebtedness) and (iii) such Liens shall not apply to any other property or assets of the Parent or any Restricted Subsidiary (other than any replacements of such property or assets and additions and accessions thereto and the proceeds and the products thereof and customary security deposits in respect thereof and in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender);

(f) Liens (i) of a collecting bank arising in the ordinary course of business under Section 4-208 of the UCC in effect in the relevant jurisdiction covering only the items being collected upon, (ii) in favor of a banking or other financial institution arising as a matter of law or contract encumbering deposits or other funds maintained with a financial institution (including netting arrangements or the right of set off) and which are within the general parameters customary in the banking industry or (iii) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(g) Liens representing (i) any interest or title of a licensor, lessor or sublicensor or sublessor under any lease or license permitted by this Agreement, (ii) any Lien or restriction that the interest or title of such lessor, licensor, sublessor or sublicensor may be subject to, or (iii) the interest of a licensee, lessee, sublicensee or sublessee arising by virtue of being granted a license or lease permitted by this Agreement;

(h) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods;

(i) the filing of UCC or PPSA (or equivalent) financing statements solely as a precautionary measure or required notice in connection with operating leases or consignment of goods;

(j) Liens not otherwise permitted by this Section to the extent that the aggregate outstanding amount (or in the case of Indebtedness, the principal amount) of the obligations secured thereby at any time does not exceed the greater of (i) \$300,000,000 and (ii) 20% of Consolidated EBITDA computed on a Pro Forma Basis as of the Applicable Date of Determination;

(k) Liens granted by a Restricted Subsidiary that is not a Loan Party in favor of any Loan Party in respect of Indebtedness or other obligations owed by such Restricted Subsidiary to such Loan Party;

(l) Liens (i) attaching solely to cash advances and cash earnest money deposits in connection with Investments permitted under Section 6.04 or (ii) consisting of an agreement to Dispose of any property in a Disposition permitted hereunder;

(m) any Lien resulting from the rules and regulations of any clearing system or stock exchange over shares and/or other securities held in that clearing system or stock exchange;

(n) Liens consisting of customary rights of set-off or banker's Liens on amounts on deposit, to the extent arising by operation of law and incurred in the ordinary course of business;

(o) Liens securing reimbursement obligations permitted by Section 6.01 in respect of documentary letters of credit or bankers' acceptances; provided that such Liens attach only to the documents, goods covered thereby and proceeds thereto;

- (p) Liens on insurance policies and the proceeds thereof granted to secure the financing of insurance premiums with respect thereto;
- (q) Liens encumbering deposits made to secure obligations arising from contractual or warranty requirements;
- (r) Liens on Collateral securing obligations of any of the Loan Parties in respect of Indebtedness and related obligations permitted by Section 6.01(a)(xviii) and/or Section 6.01(a)

(xxx);

(s) Liens granted pursuant to a security agreement between the Parent or any Restricted Subsidiary and a licensee of intellectual property to secure the damages, if any, of such licensee resulting from the rejection of the license of such licensee in a bankruptcy, reorganization or similar proceeding with respect to the Parent or such Restricted Subsidiary;

- (t) Liens securing obligations referred to in Section 6.01(a)(xii) or on assets subject of any Permitted Sale Leaseback under Section 6.01(a)(xxviii);

(u) Liens on (i) the Securitization Assets arising in connection with a Qualified Securitization Financing or (ii) the Receivables Assets arising in connection with a Receivables Facility;

(v) licenses or sublicenses (with respect to intellectual property and other property), leases or subleases granted to third parties not interfering in any material respect with the ordinary conduct of the business of the Parent and its Restricted Subsidiaries, taken as a whole;

- (w) Liens in favor of customs and revenue authorities to secure payment of customs duties in connection with the importation of goods;

- (x) Liens of bailees in the ordinary course of business;

(y) Liens securing obligations (other than obligations representing Indebtedness for borrowed money) under operating, reciprocal easement or similar agreements entered into in the ordinary course of business of the Parent and its Subsidiaries;

- (z) utility and similar deposits in the ordinary course of business;

(aa) purchase options, call and similar rights of, and restrictions for the benefit of, a third party with respect to Equity Interests held by the Parent or any Restricted Subsidiary in Joint Ventures;

- (bb) Liens disclosed as exceptions to coverage in the final title policies and endorsements issued to the Collateral Agent with respect to any Mortgaged Properties;

(cc) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks or other financial institutions not given in connection with the incurrence of Indebtedness for borrowed money, (ii) relating to pooled deposit or sweep accounts of the Parent or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Parent or its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into by the Parent or any Restricted Subsidiary in the ordinary course of business;

(dd) the modification, replacement, renewal or extension of any Lien permitted by Section 6.02(c), (d) and (e); provided that (i) the Lien does not extend to any additional property other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien or financed by Indebtedness permitted under Section 6.01, and (B) proceeds and products thereof; and (ii) the renewal, extension or refinancing of the obligations secured or benefited by such Liens is not prohibited by Section 6.01;

(ee) Liens arising in connection with Intercompany License Agreements;

(ff) Liens securing any Swap Agreement so long as the fair market value of the Collateral securing such Swap Agreement does not exceed \$75,000,000 at any time;

(gg) Liens on securities which are the subject of repurchase agreements incurred in the ordinary course of business;

(hh) Liens arising in connection with rights of dissenting stockholders pursuant to applicable law in respect of the Seattle Acquisition or Permitted Acquisition;

(ii) Liens on assets of any Restricted Subsidiary that is not a Loan Party (x) securing working capital lines in foreign jurisdictions and/or (y) securing other obligations or Indebtedness permitted by Section 6.01 (other than to secure Indebtedness of any Loan Party for borrowed money);

(jj) Liens securing Indebtedness incurred pursuant to Section 6.01(a)(xxxii); provided if (x) the Liens are secured by Collateral on a pari passu basis with the Obligations, the Senior Representative for such Indebtedness shall enter into the Pari Passu Intercreditor Agreement or other customary intercreditor agreement and (y) if the Liens are secured on a junior basis to the Obligations, the Senior Representative for such Indebtedness shall enter into a Second Lien Intercreditor Agreement or other customary intercreditor agreement, in each case with the Administrative Agent and/or Collateral Agent substantially consistent with the terms set forth on Exhibit K-1 or K-2 annexed hereto together with (A) any immaterial changes and (B) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be pari passu with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are pari passu with, or junior in priority to, other Liens that are junior to the Liens securing the Obligations); and

(kk) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest and fees on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose.

(a) The Parent will not, and will not permit any Restricted Subsidiary to, merge into or consolidate or amalgamate with any other Person, or permit any other Person to merge into or consolidate or amalgamate with it, except that: (i) any Subsidiary (other than Holdco and the Borrower) may merge into or consolidate or amalgamate with the Parent or the Borrower as long as the Parent or the Borrower, as the case may be, is the surviving entity or such surviving Person shall assume the obligations of the Parent or the Borrower hereunder (and if such Subsidiary is an Unrestricted Subsidiary, any Indebtedness of or Lien granted on the assets of such Subsidiary is permitted by Section 6.01 or 6.02), (ii) any Subsidiary (other than Holdco and the Borrower) may merge into or consolidate or amalgamate with any Loan Party (as long as (A) such Loan Party is the surviving entity, (B) such surviving entity becomes a Loan Party substantially concurrently with the consummation of such transaction and complies with Section 5.11 and Section 5.12, (C) if such Subsidiary is an Unrestricted Subsidiary, and Indebtedness of or Lien granted on the assets of such Subsidiary is permitted by Section 6.01 or 6.02 and (D) the disposition of such Loan Party would otherwise be permitted under Section 6.05 (other than Section 6.05(l)) or such Loan Party would otherwise be permitted to be to redesignated as an Excluded Subsidiary immediately prior to such transaction (and shall be deemed to be so disposed or redesignated), (iii) any Restricted Subsidiary that is not a Loan Party may merge into or consolidate or amalgamate with (A) any other Restricted Subsidiary that is not a Loan Party or (B) any Loan Party, (iv) the Parent or any Restricted Subsidiary may consummate any Investment permitted by Section 6.04 (other than Section 6.04(a)) (whether through a merger, consolidation, amalgamation or otherwise), provided that (A) the surviving entity shall be subject to the requirements of Section 5.11 and Section 5.12 (to the extent applicable) and (B) if the Parent, Holdco or the Borrower is a party to such transaction, the Parent, Holdco or the Borrower, as the case may be, shall be the surviving entity or such surviving Person shall assume the obligations of the Parent, Holdco or the Borrower, as the case may be, hereunder, (v) any Restricted Subsidiary (other than Holdco or the Borrower) may consummate any sale, transfer or other disposition permitted pursuant to Section 6.05 (other than Section 6.05(l)) (whether through a merger, consolidation, amalgamation or otherwise), provided that the surviving entity shall be subject to the requirements of Section 5.11 and Section 5.12 (to the extent applicable), (vi) the Parent and the Restricted Subsidiaries may effect the Permitted Tax Restructuring; provided that the Borrower shall remain an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia or any territory thereof, (vii) any Person may merge into, consolidate or amalgamate with the Company, the Borrower or any of their Subsidiaries in connection with the Transactions and (viii) in each of the preceding clauses (i), (ii) or (iv) of this Section 6.03(a), in the case of any merger, consolidation or amalgamation involving the Parent, Holdco or the Borrower, if the Person surviving such merger, consolidation or amalgamation is not the Parent, Holdco or the Borrower (any such Person, the “Successor Company”), no Default and Event of Default shall have occurred and be continuing and (A) in the case of a merger, consolidation or amalgamation involving the Borrower, the Successor Company shall be an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia or any territory thereof, (B) in the case of a merger, consolidation or amalgamation involving the Parent or Holdco, the Successor Company shall be an entity organized or existing under the laws of the United States or the United Kingdom (unless otherwise agreed to by the Administrative Agent) and the security interests of the Collateral Agent in the Collateral shall not be materially impaired, (C) the Successor Company shall expressly assume all the obligations of the Parent, Holdco or the Borrower, as applicable, under this Agreement and the other Loan Documents to which the Parent, Holdco or the Borrower is a party, (D) each Guarantor of the Obligations of the Borrower, unless it is the other party to such merger, consolidation or amalgamation, shall have confirmed that its Guaranty shall apply to the Successor Company’s obligations under the Loan Documents, (E) each Guarantor of the Obligations of the Borrower, unless it is the other party to such merger, consolidation or amalgamation, shall have by a supplement to applicable Security Documents confirmed that its obligations thereunder shall apply to the Successor Company’s obligations under the Loan Documents, (F) each mortgagor of a Mortgaged Property, unless it is the other party to such merger or consolidation, shall have affirmed that its obligations under the applicable Mortgage shall apply to its Guaranty as reaffirmed pursuant to clause (C) and (F) the Successor Company shall have delivered to the Administrative Agent an officer’s certificate stating that such merger or consolidation and such supplements preserve the enforceability of the Guarantee and the perfection and priority of the Liens under the applicable Security Documents; provided, that if the foregoing are satisfied, the Successor Company will succeed to, and be substituted for, the Parent, Holdco or the Borrower, as the case may be, under this Agreement.

(b) The Parent will not, nor will the Parent permit any Restricted Subsidiary to, liquidate or dissolve, except that: (i) any Subsidiary (other than the Borrower) may transfer all or any portion of its assets (upon liquidation, dissolution, winding-up or any similar transaction) to any other Loan Party, (ii) any Restricted Subsidiary that is not a Loan Party may transfer all or any portion of its assets (upon liquidation, dissolution, winding-up or any similar transaction) to the Parent or any Restricted Subsidiary, (iii) any Loan Party (other than the Parent or the Borrower) may transfer all or any portion of its assets (upon liquidation, dissolution, winding-up or any similar transaction) to any Loan Party, (iv) the Parent or any Restricted Subsidiary may change its legal form, (v) the Parent and the Restricted Subsidiaries may effect the Permitted Tax Restructuring and (vi) any Restricted Subsidiary (other than the Borrower) may transfer all or any portion of its assets (upon liquidation, dissolution, winding-up or any similar transaction) to any Person in order to effect an Investment permitted pursuant to Section 6.04 (other than Section 6.04(aa)) or a sale, transfer or other disposition permitted pursuant to Section 6.05 (other than Section 6.05(l)).

Section 6.04 Investments. The Parent will not, and will not permit any Restricted Subsidiary to, make any Investments, except:

(a) Investments in cash and Cash Equivalents and assets that were Cash Equivalents when such Investment was made;

(b) (i) the Transactions or Investments otherwise made in accordance with or as contemplated by the Merger Agreement and (ii) Permitted Acquisitions; provided that Acquisitions of Persons acquired by Loan Parties pursuant to this clause (b)(ii) that do not or have not become Guarantors in accordance with Section 5.11 or Section 5.12 (it being understood that an Acquisition of a Person and its subsidiaries shall be deemed an acquisition of Persons that become Guarantors for this purpose if the Persons so acquired that do become Guarantors constitute more than 50% of the Consolidated EBITDA of such Person and its subsidiaries) after the consummation of such Acquisition that are made in reliance on this clause (b)(ii) shall not exceed the greater of \$225,000,000 and 15% of Consolidated EBITDA computed on a Pro Forma Basis as of the Applicable Date of Determination;

(c) (i) Investments existing on the Effective Date, (ii) Investments contemplated on the Effective Date and set forth on Schedule 6.04(c), and (ii) Investments consisting of any modification, replacement, renewal, reinvestment or extension of any such Investment; provided that the amount of any Investment permitted pursuant to this Section 6.04(c) is not increased from the amount of such Investment on the Effective Date except pursuant to the terms of such Investment (including in respect of any unused commitment), plus any accrued but unpaid interest (including any portion thereof which is payable in kind in accordance with the terms of such modified, extended, renewed or replaced Investment) and premium payable by the terms of such Indebtedness thereon and fees and expenses associated therewith as of the Effective Date or as otherwise permitted by this Section 6.04;

(d) (i) Investments between and among any of the Loan Parties; and (ii) Investments by any Loan Party to any Restricted Subsidiary that is not a Loan Party provided that such Investments made after the Effective Date pursuant to this clause (d)(ii) shall (x) constitute loans and advances made in the ordinary course of business or (y) constitute other Investments that do not at any one time exceed the greater of (A) \$225,000,000 and (B) 15% of Consolidated EBITDA, as of the Applicable Date of Determination after giving effect on a Pro Forma Basis to the proposed Investment (it being understood that for purposes of calculating amounts outstanding pursuant to this clause (d)(ii), such amount shall be calculated on a net basis (without duplication of the reduction of the amount of any such Investment in respect of Returns on such Investment pursuant to the definition of "Investment") giving effect to all Investments (I) in the Loan Parties by and Returns to the Loan Parties from Restricted Subsidiaries that are not Loan Parties and (II) in the Loan Parties by Joint Ventures and Unrestricted Subsidiaries); provided, further, that to the extent that any such Investments under this clause (d) constitute loans or advances made to any Loan Party, such loans or advances shall be subordinated in right of payment to the Obligations upon the occurrence of an Event of Default pursuant to Section 7.01(h) or (i) or upon the acceleration of the Obligations pursuant to Section 7.01 after the occurrence of any other Event of Default;

(e) Investments made by the Parent or any Restricted Subsidiary in any Joint Venture or any Unrestricted Subsidiary in an aggregate amount not to exceed at any one time outstanding the greater of (A) \$150,000,000 and (B) 10% of Consolidated EBITDA as of the Applicable Date of Determination after giving effect on a Pro Forma Basis to each proposed Investment (it being understood that for purposes of calculating amounts outstanding pursuant to this clause (e), such amount shall be calculated on a net basis (without duplication of the reduction of the amount of any such Investment in respect of Returns on such Investment pursuant to the definition of "Investment") giving effect to all Investments (I) in the Loan Parties by and Returns to the Loan Parties from Restricted Subsidiaries that are not Loan Parties and in the Loan Parties by Joint Ventures and Unrestricted Subsidiaries);

(f) Investments made by any Restricted Subsidiary that is not a Loan Party in the Parent or any Restricted Subsidiary; provided that to the extent that any such Investments constitute loans or advances made to any Loan Party, such loans or advances shall be subordinated in right of payment to the Obligations upon the occurrence of an Event of Default pursuant to Section 7.01(h) or ii or upon the acceleration of the Obligations pursuant to Section 7.01 after the occurrence of any other Event of Default;

(g) [Reserved];

(h) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, or upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(i) Investments in respect of Swap Agreements not entered into for speculative purposes, Cash Management Agreements and Cash Management Services;

(j) Investments of any Person existing at the time such Person becomes a Restricted Subsidiary or consolidates, amalgamates or merges with the Parent or any Restricted Subsidiary (including in connection with an Acquisition or other Investment permitted hereunder); provided that such Investment was not made in contemplation of such Person becoming a Restricted Subsidiary or such consolidation or merger;

(k) Investments resulting from pledges or deposits described in clause (c) or (d) of the definition of the term "Permitted Encumbrance";

(l) Investments received in connection with the disposition of any asset in accordance with and to the extent permitted by Section 6.05 (other than Section 6.05(d));

(m) receivables or other trade payables owing to the Parent or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms, provided that such trade terms may include such concessionary trade terms as the Parent or such Restricted Subsidiary deems reasonable under the circumstances;

(n) Investments resulting from Liens permitted under Section 6.02;

(o) Investments in deposit accounts and securities accounts opened in the ordinary course of business;

(p) Investments in connection with Intercompany License Agreements;

(q) other Investments (including those of the type otherwise described herein) made after the Effective Date in an aggregate amount at any time outstanding not to exceed the greater of (x) \$225,000,000 and (y) 15% of Consolidated EBITDA as of the Applicable Date of Determination after giving effect on a Pro Forma Basis to each such proposed Investment pursuant to this clause (q);

(r) Investments consisting of cash earnest money deposits in connection with a Permitted Acquisition or other Investment permitted hereunder;

(s) Investments solely to the extent such Investments reflect an increase in the value of Investments otherwise permitted under this Section 6.04;

(t) the acquisition of additional Equity Interests of Restricted Subsidiaries from minority shareholders (it being understood that to the extent that any Restricted Subsidiary that is not a Loan Party is acquiring Equity Interests from minority shareholders then this clause (t) shall not in and of itself create, or increase the capacity under, any basket for Investments by Loan Parties in any Restricted Subsidiary that is not a Loan Party);

(u) Investments consisting of endorsements for collection or deposit in the ordinary course of business;

(v) (a) Investments in any Receivables Facility or any Securitization Subsidiary in order to effectuate a Qualified Securitization Financing, including the ownership of Equity Interests in such Securitization Subsidiary and (b) distributions or payments of Securitization Fees and purchases of Securitization Assets or Receivables Assets pursuant to a Securitization Repurchase Obligation in connection with a Qualified Securitization Financing or a Receivables Facility;

(w) Investments in Equity Interests in any Subsidiary resulting from any sale, transfer or other disposition by the Parent or any Subsidiary permitted by Section 6.05, including as a result of any contribution from any parent or distribution to any Subsidiary of such Equity Interests;

(x) contributions to a “rabbi” trust for the benefit of employees or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Borrower;

(y) loans or advances to officers, partners, directors, consultants and employees of the Parent or any Restricted Subsidiary for (A) relocation, entertainment, travel expenses, drawing accounts and similar expenditures and (B) for other purposes in the aggregate amount not to exceed \$15,000,000 at any time outstanding;

(z) other Investments (including those of the type otherwise referred to herein) in an aggregate amount not to exceed the Available Amount;

(aa) Investments consisting of or resulting from Indebtedness, Liens, Restricted Payments, fundamental changes and dispositions permitted under Section 6.01 (other than Section 6.01(a)(ii) and (a)(iii)(B)(y)), Section 6.02, Section 6.03 (other than Section 6.03(a)(vi) and (b)(viii)), Section 6.05 (other than Section 6.05(b)) and Section 6.08 (other than Section 6.08(xi)), respectively;

(bb) Loans repurchased by the Parent or a Restricted Subsidiary pursuant to and in accordance with Section 2.11(i) or Section 9.04, so long as such Loans are immediately cancelled;

(cc) cash or property distributed from any Restricted Subsidiary that is not a Loan Party (i) may be contributed to other Restricted Subsidiaries that are not Loan Parties, and (ii) may pass through the Parent and/or any intermediate Restricted Subsidiaries, so long as all part of a series of related transactions and such transaction steps are not unreasonably delayed and are otherwise permitted hereunder;

(dd) Investments to the extent that payment for such Investments is made solely with Equity Interests (other than any Disqualified Equity Interests) of the Parent, or proceeds of an equity contribution initially made to the Parent, in each case, that have not increased the Available Amount or the Cure Amount;

(ee) Guarantee obligations of the Parent or any Restricted Subsidiary in respect of letters of support, guarantees or similar obligations issued, made or incurred for the benefit of any Restricted Subsidiary to the extent required by law or in connection with any statutory filing or the delivery of audit opinions performed in jurisdictions other than within the United States;

(ff) (i) loans and advances to Parent or any Parent Entity in lieu of, and not in excess of the amount of (after giving effect to any other such loans or advances or Restricted Payments in respect thereof), Restricted Payments to the extent permitted to be made in accordance with Section 6.08 (other than Section 6.08(a)(xi)) or (ii) other Investments in lieu of and not in excess of the amount of (after giving effect to any other such Investments or payments, redemptions, repurchases, retirements, terminations or cancellations of Indebtedness pursuant to Section 6.08(b)(ix)), Restricted Payments to the extent permitted to be made in accordance with Section 6.08(a)(xiv);

(gg) Investments by the Parent or a Restricted Subsidiary in any Restricted Subsidiary pursuant to the Permitted Tax Restructuring;

(hh) asset purchases (including purchases of inventory, supplies and materials) and the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons, in each case in the ordinary course of business;

(ii) Guarantees by the Parent or any Restricted Subsidiary of leases (other than Capital Lease Obligations), contracts, or of other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business; and

(jj) other Investments; provided that at the time of making such Investment no Event of Default has occurred and is continuing and the First Lien Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is less than 3.50:1.00.

For the avoidance of doubt, if an Investment would be permitted under any provision of this Section 6.04 (other than Section 6.04(b)(ii)) and as a Permitted Acquisition, such Investment need not satisfy the requirements otherwise applicable to Permitted Acquisitions unless such Investments are consummated in reliance on Section 6.04(b)(ii). In addition, to the extent an Investment is permitted to be made by Parent or a Restricted Subsidiary directly in any Restricted Subsidiary or any other Person who is not a Loan Party (each such person, a “Target Person”) under any provision of this Section 6.04, such Investment may be made by advance, contribution or distribution directly or indirectly to the Parent and further advanced or contributed by the Parent to a Loan Party or other Restricted Subsidiary for purposes of ultimately making the relevant Investment in the Target Person without constituting an Investment for purposes of Section 6.04 (it being understood that such Investment must satisfy the requirements of, and shall count toward any thresholds or baskets in, the applicable clause under Section 6.04 as if made by the applicable Restricted Subsidiary directly to the Target Person).

Section 6.05 Asset Sales. The Parent will not, and will not permit any Restricted Subsidiary to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interests owned by it nor will the Parent permit any Restricted Subsidiary to issue any additional Equity Interests in such Restricted Subsidiary (other than (i) any Restricted Subsidiary issuing directors' qualifying shares and (ii) any other Restricted Subsidiary issuing Equity Interests to the Parent or any other Restricted Subsidiary), except:

(a) sales, transfers, leases and other dispositions of (i) inventory or services or of immaterial assets in the ordinary course of business, (ii) obsolete, worn-out, uneconomic, negligible, damaged or surplus property or property that is no longer economically practical or commercially desirable to maintain or used or useful in its business, whether now or hereafter owned or leased or acquired in connection with an Acquisition, (iii) cash, Cash Equivalents and other investment securities in the ordinary course of business, (iv) accounts in the ordinary course of business for purposes of collection, and (v) assets to the extent that the aggregate value of such assets sold in any single transaction or related series of transactions is equal to \$30,000,000 or less and the aggregate value of such assets sold during any fiscal year of the Parent is equal to \$60,000,000 or less;

(b) sales, transfers, leases and other dispositions to the Parent or any Restricted Subsidiary (including by contribution, disposition, dividend or otherwise); provided that if the transferor of such property is a Loan Party, then (i) the transferee thereof must be a Loan Party or (ii) to the extent constituting a Disposition to a Restricted Subsidiary that is not a Loan Party, such Disposition (w) is in the ordinary course of business, (x) is for fair value and any promissory note or other non-cash consideration received in respect thereof is a permitted Investment in a Restricted Subsidiary that is not a Loan Party in accordance with Section 6.04, (y) to the extent constituting an Investment, such Investment must be a permitted Investment in a Restricted Subsidiary that is not a Loan Party in accordance with Section 6.04 or (z) does not exceed the greater of \$75,000,000 and 5% of Consolidated EBITDA as of the Applicable Date of Determination;

(c) sales, transfers and other dispositions of trade or accounts receivable (including write-offs, discounts and compromises) in connection with the compromise, settlement or collection thereof;

(d) sales, transfers, leases and other dispositions of property to the extent that such property constitutes an Investment permitted by Section 6.04 (other than Section 6.04(1) and (aa)) hereunder or another asset received as consideration for the disposition of any asset permitted by this Section (in each case, other than Equity Interests in a Restricted Subsidiary, unless all Equity Interests in such Restricted Subsidiary are sold);

(e) leases or licenses or subleases or sublicenses entered into in the ordinary course of business, to the extent that they do not materially interfere with the business of the Parent and the Restricted Subsidiaries taken as a whole;

(f) conveyances, sales, transfers, licenses or sublicenses or other dispositions of intellectual property or Software in the ordinary course of business or pursuant to a research or development agreement in which the counterparty to such agreement receives a license to intellectual property or Software that result from such agreement;

(g) dispositions resulting from any casualty or insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Parent or any Restricted Subsidiary;

(h) the abandonment or other disposition of intellectual property, whether now or hereafter owned or leased or acquired in connection with an Acquisition or other permitted Investment that is, in the reasonable good faith judgment of Borrower, no longer economically practicable or commercially desirable to maintain or used or useful in the business of the Parent and the Restricted Subsidiaries;

(i) the disposition of any assets that are set forth on Schedule 6.05;

(j) dispositions from and after the Effective Date of non-core or obsolete assets acquired in connection with any Acquisition or other permitted Investments;

(k) sales, transfers and other dispositions by the Parent or any Restricted Subsidiary of assets since the Effective Date so long as (A) such disposition is for fair market value (as determined in good faith by the Parent or such Restricted Subsidiary), (B) if at the time of execution of a binding agreement in respect of such sale, transfer or other disposition, no Event of Default has occurred and is continuing or would result therefrom, (C) if the assets sold, transferred or otherwise disposed of have a fair market value in excess of \$45,000,000, at least 75% of the consideration (other than (A) the assumption by the transferee of Indebtedness or other liabilities contingent or otherwise of the Parent or any of its Restricted Subsidiaries and the valid release of the Parent or such Restricted Subsidiary, by all applicable creditors in writing, from all liability on such Indebtedness or other liability in connection with such Disposition, (B) securities, notes or other obligations received by the Parent or any of its Restricted Subsidiaries from the transferee that are converted by the Borrower or any of its Restricted Subsidiaries into cash or Cash Equivalents within 180 days following the closing of such Disposition, (C) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Disposition, to the extent that the Parent and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Disposition, (D) consideration consisting of Indebtedness of the Parent (other than Subordinated Indebtedness) received after the Effective Date from Persons who are not the Parent or any Restricted Subsidiary and (E) in connection with an asset swap, all of which shall be deemed "cash") received is cash or Cash Equivalents or Designated Non-Cash Consideration to the extent that all Designated Non-Cash Consideration at such time does not exceed the greater of (x) \$150,000,000 and (y) 10% of Consolidated EBITDA as of the Applicable Date of Determination (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value) and all of the consideration received is at least equal to the fair market value of the assets sold, transferred or otherwise disposed of and (D) the Net Proceeds thereof shall be subject to Section 2.11(c);

(l) sales, transfers and other dispositions permitted by Section 6.03 (other than Section 6.03(a)(v) or (b)(vi));

(m) the sale or exchange of specific items of property, so long as the purpose of each such sale or exchange is to acquire (and results within 365 days of such sale or exchange in the acquisition of) replacement items of property that are the functional equivalent of the item of property so sold or exchanged;

(n) the incurrence of Liens permitted hereunder;

(o) [Reserved];

(p) sales, transfers, leases and other dispositions made in order to effect the Transactions or a Permitted Tax Restructuring;

(q) sales or dispositions of Equity Interests of any Subsidiary (other than the Borrower) in order to qualify members of the Governing Body of such Subsidiary if required by applicable law;

(r) samples, including time-limited evaluation software, provided to customers or prospective customers;

(s) de minimis amounts of equipment provided to employees;

(t) sales, transfers, leases and other dispositions of (i) any Equity Interests in Unrestricted Subsidiaries or their assets or (ii) other Excluded Property, provided that for the purposes of clause (ii), (A) the First Lien Leverage Ratio as of the Applicable Date of Determination after giving effect on a Pro Forma Basis to such Disposition, shall be no greater than 3.50 to 1.00 or (B) the fair market value of such Dispositions that do not meet the requirements of subclause (A) shall not exceed the greater of \$75,000,000 and 5% of Consolidated EBITDA as of the Applicable Date of Determination in the aggregate;

(u) Restricted Payments made pursuant to Section 6.08;

(v) Permitted Sale Leasebacks in an aggregate principal amount not to exceed the greater of \$150,000,000 and 10% of Consolidated EBITDA as of the Applicable Date of Determination in the aggregate;

(w) the unwinding of any Cash Management Agreement or Swap Agreement pursuant to its terms;

(x) sales, transfers or other dispositions of Investments in Joint Ventures or any Subsidiary that is not a wholly-owned Restricted Subsidiary to the extent required by, or made pursuant to customary buy/sell arrangements between, the parties set forth in Joint Venture arrangements and similar binding agreements;

(y) the Parent and any Restricted Subsidiary may (i) terminate or otherwise collapse its cost sharing agreements with the Parent or any Subsidiary and settle any crossing payments in connection therewith, (ii) convert any intercompany Indebtedness to Equity Interests, (iii) transfer any intercompany Indebtedness to the Parent or any Restricted Subsidiary, (iv) settle, discount, write off, forgive or cancel any intercompany Indebtedness or other obligation owing by the Parent or any Restricted Subsidiary, (v) settle, discount, write off, forgive or cancel any Indebtedness owing by any present or former consultants, directors, officers or employees, the Parent or any Subsidiary or any of their successors or assigns or (vi) surrender or waive contractual rights and settle or waive contractual or litigation claims;

(z) any Disposition of Securitization Assets or Receivables Assets, or participations therein, in connection with any Qualified Securitization Financing or Receivables Facility, or the Disposition of a trade or account receivable in connection with the collection or compromise thereof in the ordinary course of business or consistent with past practice;

(aa) sales, transfers, leases or other dispositions pursuant to Intercompany License Agreements;

(bb) other Dispositions (including those of the type otherwise described herein) made after the Effective Date in an aggregate amount not to exceed the greater of (x) \$150,000,000 and (y) Consolidated EBITDA generated by or attributable to all such property Disposed of shall not exceed 10% of Consolidated EBITDA as of the Applicable Date of Determination; and

(cc) any swap of assets in exchange for services or other assets in the ordinary course of business of comparable or greater fair market value of usefulness to the business of the Borrower and its Restricted Subsidiaries as a whole, as determined in good faith by the Borrower; provided that any swap of assets constituting Collateral that are exchanged for other assets not constituting Collateral outside of the ordinary course of business shall not exceed the greater of (x) \$75,000,000 and (y) 5% of Consolidated EBITDA as of the Applicable Date of Determination.

Section 6.06 [Reserved].

Section 6.07 [Reserved].

Section 6.08 Restricted Payments; Certain Payments of Indebtedness.

(a) The Parent will not, and will not permit any Restricted Subsidiary to, declare or make any Restricted Payment, except that:

(i) (A) the Restricted Subsidiaries may declare and make Restricted Payments ratably with respect to their Equity Interests and (B) any Restricted Subsidiary may make a Restricted Payment to the Parent or any Restricted Subsidiary (so long as, in the case of this clause (B), if the Restricted Subsidiary making the Restricted Payment is not wholly owned (directly or indirectly) by the Parent, such Restricted Payment is made ratably among the holders of its Equity Interests);

(ii) the Parent and the Restricted Subsidiaries may declare and make Restricted Payments with respect to its Equity Interests payable solely in shares of Qualified Equity Interests (so long as, in the case of this clause (ii), if the Restricted Subsidiary making the Restricted Payment is not wholly owned (directly or indirectly) by the Parent, such Restricted Payment is made ratably among the holders of its Equity Interests);

(iii) the Parent and the Restricted Subsidiaries may make Restricted Payments at such times and in such amounts (A) as shall be necessary to permit any Parent Entity to discharge their respective general corporate and overhead or other expenses (including franchise and similar taxes required to maintain its corporate existence, customary salary, bonus and other benefits payable to officers and employees of the Parent, Holdco and directors fees and director and officer indemnification obligations) incurred in the ordinary course and (B) for any Related Taxes;

(iv) the Parent may make payments (or may make Restricted Payments to any Parent Entity, the proceeds of which will be used to make payments) at such times and in such amounts as are necessary to make payments of or on account of (1) monitoring or management or similar fees or transaction fees and (2) reimbursement of out-of-pocket costs, expenses and indemnities, in each case to any Equity Investor or any of its Affiliates, in each case to the extent permitted by Section 6.09;

(v) [Reserved];

(vi) the Restricted Subsidiaries may make a Restricted Payment in connection with the acquisition of additional Equity Interests in any Restricted Subsidiary from minority shareholders;

(vii) the Parent or any Restricted Subsidiary may make repurchases of Equity Interests deemed to occur upon the cashless exercise of stock options when such Equity Interests represents a portion of the exercise price thereof;

(viii) [Reserved];

(ix) the Parent and its Restricted Subsidiaries may make Restricted Payments pursuant to the Intercompany License Agreements;

(x) Restricted Payments made (A) (i) in connection with the Transactions (including, for the avoidance of doubt, the Return of Value Payment and the Seattle Payment), (ii) in respect of working capital adjustments or purchase price adjustments pursuant to any Permitted Acquisition or other permitted Investments (other than pursuant to Section 6.04(aa)), and (iii) to satisfy indemnity and other obligations under the Merger Agreement and in respect of Permitted Acquisitions or other permitted Investments, and (B) to the Parent or any Restricted Subsidiary effectuate a Permitted Tax Restructuring;

(xi) Restricted Payments necessary to consummate transactions permitted pursuant to Section 6.03 and to make Investments permitted pursuant to Section 6.04 (other than pursuant to Section 6.04(aa));

(xii) [Reserved];

(xiii) [Reserved];

(xiv) the Parent or any Restricted Subsidiary may make additional Restricted Payments in an amount that shall not exceed \$250,000,000;

(xv) the Parent or any Restricted Subsidiary may make additional Restricted Payments to the extent that such Restricted Payments are made with net proceeds received by the Parent after the Closing Date from the issuance or sale of Qualified Equity Interests of the Parent or proceeds of an equity contribution made to the Parent (other than any Cure Amount) (which such equity proceeds so utilized shall not also increase the Available Amount);

(xvi) distributions or payments of Securitization Fees, sales contributions and other transfers of Securitization Assets or Receivables Assets and purchases of Securitization Assets or Receivables Assets pursuant to a Securitization Repurchase Obligations, in each case in connection with a Qualified Securitization Financing or a Receivables Facility;

(xvii) the Parent may make Restricted Payments to any Parent Entity the proceeds of which shall be used to pay customary costs, fees and expenses related to any unsuccessful equity or debt offering permitted by this Agreement, so long as the proceeds of such offering were intended to be contributed to the Parent or such offering was otherwise related to the business of the Parent;

(xviii) the Parent and the Restricted Subsidiaries may make Restricted Payments to (a) pay cash in lieu of fractional Equity Interests in connection with any dividend, split or combination thereof or any Acquisition, Investment or other transaction otherwise permitted hereunder and (b) honor any conversion request by a holder of convertible Indebtedness (to the extent such conversion request is paid solely in shares of Qualified Equity Interests of the Parent) and make cash payments in lieu of fractional shares in connection with any such conversion and may make payments on convertible Indebtedness in accordance with its terms;

(xix) other Restricted Payments; provided that at the time of declaration of such Restricted Payment, no Event of Default has occurred and is continuing and the First Lien Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is less than 3.00:1.00;

(xx) the Parent and the Restricted Subsidiaries may make Restricted Payments in an aggregate amount not to exceed the Available Amount; provided however that at the time of declaration of such Restricted Payment utilizing amounts pursuant to clause (b) of the definition of "Available Amount", no Event of Default shall have occurred and be continuing;

(xxi) the Parent may make Restricted Payments consisting of Equity Interests in any Unrestricted Subsidiary, whether pursuant to a distribution, dividend or any other transaction not prohibited hereunder;

(xxii) [Reserved];

(xxiii) the making of any Restricted Payment within 60 days after the date of declaration thereof, if at the date of such declaration such Restricted Payment would have complied with another provision of this Section 6.08(a); provided that the making of such Restricted Payment will reduce capacity for Restricted Payments pursuant to such other provision when so made;

(b) the Parent will not, and will not permit any Restricted Subsidiary to (A) make any voluntary payment or other distribution (whether in cash, securities or other property), of or in respect of principal or interest, or such payment by way of the purchase, redemption, retirement, acquisition, cancellation or termination, in each case prior to the final scheduled maturity thereof, of any Material Indebtedness that is contractually subordinated in right of payment to any of the Obligations (it being understood that Indebtedness shall not be deemed to be subordinated in right of payment to the Obligations merely because such Indebtedness is secured by a Lien that is junior to the Liens securing the applicable portion of the Obligations) or (B) solely to the extent that Indebtedness has a Lien on substantially all of the Collateral securing Obligations that is junior to the Lien on the Collateral securing the Obligations, make any voluntary prepayment of the principal of such Indebtedness outstanding under Section 6.01(a)(xviii), Section 6.01(a)(xxx) or Section 6.01(a)(xxxi) except:

(i) payment of regularly scheduled interest and principal payments (and fees, indemnities and expenses payable) as, and when due in respect of any such Indebtedness to the extent permitted by any subordination or intercreditor provisions in respect thereof;

(ii) refinancings, replacements, substitutions, extensions, restructurings, exchanges and renewals of any such Indebtedness to the extent such refinancing, replacement, exchange or renewed Indebtedness is permitted by Section 6.01 and any fees and expenses in connection therewith;

(iii) payments of intercompany Indebtedness permitted under Section 6.01 to the extent permitted by any subordination provisions in respect thereof;

(iv) convert, exchange, redeem, repay or prepay such Indebtedness into or for Equity Interests of the Parent (other than Disqualified Equity Interests of the Parent, except to the extent permitted under Section 6.01(b));

(v) AHYDO Catch-Up Payments relating to Indebtedness of the Parent and its Restricted Subsidiaries so long as no Event of Default under Section 7.01(a), 7.01(b), 7.01(h) or 7.01(i) has occurred and is continuing;

(vi) any such other payments, redemptions, repurchases, retirements, terminations or cancellations of Indebtedness or other distributions in an amount not to exceed (A) the greater of \$75,000,000 and 5% of Consolidated EBITDA plus (B) the Available Amount; provided however that in the case of payments or distributions made pursuant to this clause (vi)(B), at the time of making such payment or distribution with amounts pursuant to clause (b) of the definition of “Available Amount”, no Event of Default shall have occurred and be continuing;

(vii) any such other payments, redemptions, repurchases, retirements, terminations or cancellations of Indebtedness or other distributions made with net proceeds received by the Parent after the Closing Date from the issuance or sale of Qualified Equity Interests of the Parent or proceeds of an equity contribution initially made to the Parent (other than any Cure Amount) (which such equity proceeds so utilized shall not also increase the Available Amount);

(viii) the payment, redemption, repurchase, retirement, termination or cancellation of Indebtedness within 60 days of the date of the Redemption Notice if, at the date of any payment, redemption, repurchase, retirement, termination or cancellation notice in respect thereof (the “Redemption Notice”), such payment, redemption, repurchase, retirement termination or cancellation would have complied with another provision of this Section 6.08(b); provided that such payment, redemption, repurchase, retirement termination or cancellation shall reduce capacity under such other provision;

(ix) other payments, redemptions, repurchases, retirements, terminations or cancellations of Indebtedness in lieu of and not in excess of the amount of (after giving effect to any other such payments, redemptions, repurchases, retirements, terminations or cancellations of Indebtedness or Investments pursuant to Section 6.04(ff)), Restricted Payments to the extent permitted to be made in accordance with Section 6.08(xiv); and

(x) any such other payments, redemptions, repurchases, retirements, terminations or cancellations of Indebtedness or other distributions; provided that at the time of making such payment or distribution no Event of Default has occurred and is continuing and the First Lien Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is less than 3.00:1.00.

(c) Except with the written consent of the Required First Amendment Refinancing Term Loan Lenders, the Parent will not, and will not permit any Restricted Subsidiary to, declare or make any Specified Restricted Payment unless at the time of declaration of such Specified Restricted Payment, no Event of Default has occurred and is continuing and the First Lien Leverage Ratio computed on a Pro Forma Basis as of the Applicable Date of Determination is less than 3.00:1.00.

Section 6.09 Transactions with Affiliates.

The Parent will not, and will not permit any Restricted Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, with a fair market value in excess of the greater of \$30,000,000 and 2.5% of Consolidated EBITDA except (a) transactions at prices and on terms and conditions (taken as a whole) not materially less favorable to the Parent or such Restricted Subsidiary than could reasonably be expected to be obtained on an arm's-length basis from unrelated third parties (as determined in good faith by the Borrower); (b) transactions between or among the Parent and the Restricted Subsidiaries (or any entity that becomes a Restricted Subsidiary as a result of such transaction) not involving any other Affiliate; (c) loans or advances to employees, officers and directors permitted under Section 6.04; (d) payroll, travel and similar advances to cover matters permitted under Section 6.04; (e) the payment of reasonable fees and reimbursement of out-of-pocket expenses to directors of the Parent or any Restricted Subsidiary; (f) compensation (including bonuses) and employee benefit arrangements paid to, indemnities provided for the benefit of, and employment and severance arrangements entered into with, directors, officers, managers, consultants or employees of the Parent or the Subsidiaries in the ordinary course of business, including in connection with the Transactions and any other transaction permitted hereunder; (g) any issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans; (h) any payments to any Equity Investor or its Affiliates for reimbursement of out-of-pocket costs and expenses and indemnities in connection therewith; (i) payment of fees and expenses pursuant to the Transactions, and other fees payable to any of its Affiliates by the Parent and any Restricted Subsidiaries, which payments are approved by a majority of the disinterested members of the board of directors of the Parent in good faith; (j) any Restricted Payment and payments on Indebtedness not prohibited by Section 6.08; (k) [Reserved]; (l) transactions between and among the Parent and its Subsidiaries which are in the ordinary course of business and transactions between Parent and its direct or indirect shareholders in the ordinary course of business with respect to the Equity Interests in the Parent, such as shareholder agreements, registration agreements and including providing expense reimbursement and indemnities in respect thereof; (m) the Transactions (including payment of Transaction Costs); (n) transactions pursuant to the Transition Services Agreement; (o) the existence and performance of agreements and transactions with any Unrestricted Subsidiary that were entered into prior to the designation of a Restricted Subsidiary as such Unrestricted Subsidiary to the extent that the transaction was permitted at the time that it was entered into with such Restricted Subsidiary and transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the redesignation of any such Unrestricted Subsidiary as a Restricted Subsidiary; (p) Affiliate repurchases of the Loans or Commitments to the extent permitted hereunder and the holding of such Loans or Commitments and the payments and other transactions contemplated herein in respect thereof; (q) transactions set forth on Schedule 6.09, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Secured Parties in any material respect (taken as a whole); (r) any customary transaction with a Receivables Facility or a Securitization Subsidiary effected as part of a Qualified Securitization Financing; (s) any Intercompany License Agreements; (t) payments to or from, and transactions with, joint ventures (to the extent any such joint venture is only an Affiliate as a result of Investments by the Parent and the Restricted Subsidiaries in such joint venture) in the ordinary course of business; (u) transactions by the Parent and its Restricted Subsidiaries with customers, clients, joint venture partners, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement that are fair to the Parent and the Restricted Subsidiaries, as determined in good faith by the board of directors or the senior management of the relevant Person, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party; (v) any transaction between or among the Parent or any Restricted Subsidiary and any Affiliate of the Parent or a Joint Venture or similar entity that would constitute an Affiliate transaction solely because the Parent or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Joint Venture or similar entity; (w) loans and advances to any Parent Entity permitted under Section 6.4(ff) and (x) transactions in which the Parent or any Restricted Subsidiary, as the case may be, delivers to the Administrative Agent a letter from an independent financial advisor stating that such transaction is fair to the Parent or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (a) of this Section 6.09.

Section 6.10 Restrictive Agreements.

The Parent will not, and will not permit any Restricted Subsidiary to, enter into any agreement, instrument, deed or lease that prohibits, restricts or imposes any condition upon (a) the ability of any Loan Party to create, incur or permit to exist any Lien in favor of the Secured Parties (excluding Lender Counterparties) upon any of its Collateral or (b) the ability of any Restricted Subsidiary to make Restricted Payments to or make or repay loans or advances to any Loan Party, provided that the foregoing shall not apply to (i) restrictions and conditions imposed by (A) law, (B) any Loan Document, any agreements evidencing secured Indebtedness permitted by this Agreement or any documents governing the Term Loan Exchange Notes, the Additional Term Notes, the Unrestricted Additional Term Notes, the Credit Agreement Refinancing Indebtedness, the Refinancing Notes, any Additional Debt, and any Seattle Loan Document, any Seattle Additional Debt, any documents governing the Seattle Term Loan Exchange Notes, the Seattle Additional Term Notes, the Seattle Unrestricted Additional Term Notes, the Seattle Credit Agreement Refinancing Indebtedness, the Seattle Refinancing Notes and any Seattle Additional Debt, and, in each case, any documentation providing for any Permitted Refinancing thereof or (C) other agreements evidencing Indebtedness permitted by Section 6.01, provided that in each case under this clause (i) such restrictions or conditions (x) apply solely to a Restricted Subsidiary that is not a Loan Party, (y) are not materially more restrictive (taken as a whole) (as determined in good faith by the Borrower) than the restrictions or conditions set forth in the Loan Documents, or (z) do not materially impair the Borrower's ability to pay its obligations under the Loan Documents as and when due (as determined in good faith by the Borrower); (ii) restrictions and conditions existing on the Effective Date or to any extension, renewal, amendment, modification or replacement thereof, except to the extent any such amendment, modification or replacement materially expands the scope of any such restriction or condition (as determined in good faith by the Borrower); (iii) restrictions and conditions contained in agreements relating to the sale of a Subsidiary or any assets pending such sale, provided that such restrictions and conditions apply only to the Subsidiary or assets that is or are to be sold and such sale is permitted hereunder; (iv) the foregoing shall not apply to customary provisions in leases, licenses and other contracts restricting the assignment, subletting or transfer thereof or other assets subject thereto; (v)(A) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the sale, transfer or other disposition of all or substantially all of the Equity Interests or assets of such Subsidiary or (B) restrictions on transfers of assets subject to Liens permitted by Section 6.02 (but, with respect to any such Lien, only to the extent that such transfer restrictions apply solely to the assets that are the subject of such Lien); (vi) restrictions created in connection with any Qualified Securitization Financing; (vii) restrictions or conditions set forth in any agreement in effect at any time any Person becomes a Restricted Subsidiary, provided that such agreement was not entered into in contemplation of such Person becoming a Restricted Subsidiary and the restriction or condition set forth in such agreement does not apply to the Parent or any other Restricted Subsidiary; (viii) customary provisions in shareholders agreements, joint venture agreements, organizational or constitutive documents or similar binding agreements relating to any Joint Venture or non-wholly-owned Restricted Subsidiary and other similar agreements applicable to Joint Ventures and non-wholly-owned Restricted Subsidiaries and applicable solely to such Joint Venture or non-wholly-owned Restricted Subsidiary and the Equity Interests issued thereby; (ix) any restrictions on cash or other deposits imposed by agreements entered into in the ordinary course of business; (x) any restrictions regarding licensing or sublicensing by the Parent and its Restricted Subsidiaries of intellectual property in the ordinary course of business; (xi) any restrictions that arise in connection with cash or other deposits permitted under Section 6.02 and Section 6.04; (xii) any restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business, (xiii) restrictions and conditions imposed by agreements relating to the Transactions and (xiv) comprise restrictions imposed by any agreement governing Indebtedness entered into on or after the Closing Date and permitted under Section 6.01 if the restrictions contained in any such agreement taken as a whole (a) are not materially less favorable to the Secured Parties than the encumbrances and restrictions contained in the Loan Documents (as determined by the Borrower) or (b) either (I) the Borrower determines at the time of entry into such agreement or instrument that such encumbrances or restrictions will not adversely affect, in any material respect, the Borrower's ability to make principal or interest payments required hereunder or (II) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument.

Section 6.11 Amendment of Material Documents. The Parent will not, and will not permit any other Loan Party to, amend or otherwise modify (i) any of its Organizational Documents in a manner that would reasonably be expected to cause a Material Adverse Effect or (ii) any term or condition of any Material Indebtedness required to be subordinated in right of payment to the Obligations except (x) in accordance with the terms of the applicable intercreditor or subordination terms or agreement or (y) as permitted pursuant to or reasonably necessary to effect a Permitted Refinancing thereof.

Section 6.12 First Lien Leverage Ratio. Except with the written consent of the Required Revolving Lenders, the Parent will not permit the First Lien Leverage Ratio, calculated as of the last day of the most recent fiscal quarter of the Parent for which financial statements were required to have been furnished to the Administrative Agent pursuant to Section 5.01 (commencing with the first full fiscal quarter ending after the Effective Date), to exceed the ratio set forth below opposite the period during which such last day occurs:

<u>Date of Fiscal Quarter End</u>	<u>Ratio</u>
January 31, 2018 through October 31, 2019	4.85 to 1.00
January 31, 2020 through October 31, 2020	4.35 to 1.00
January 31, 2021 and thereafter	3.85 to 1.00

Notwithstanding the foregoing, this Section 6.12 shall be in effect (and shall only be in effect) when the sum of the Dollar Equivalent of the aggregate principal amount of Revolving Loans, Swingline Loans and Letters of Credit (other than Cash Collateralized Letters of Credit and additional Letters of Credit in an aggregate amount not greater than \$25,000,000) in each case, outstanding as of the last day of the most recent fiscal quarter of the Parent for which financial statements were required to have been furnished to the Administrative Agent pursuant to Section 5.01, is greater than 35% of the Revolving Commitments at such time.

Section 6.13 Changes in Fiscal Year. The Parent will not permit its fiscal year for financial reporting purposes to end on a day other than April 30; provided, however, that the Parent may (i) upon completion of the Merger, change such fiscal year to October 31 to align financial year ends with the Seattle Business, (ii) upon written notice to the Administrative Agent, change such fiscal year (and the fiscal year of the Restricted Subsidiaries) to any other fiscal year reasonably acceptable to the Administrative Agent and (iii) conform the fiscal year of the Restricted Subsidiaries to the fiscal year of the Parent. The Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement and to the covenants contained herein that are that are reasonably necessary in order to reflect such change.

ARTICLE VII
Events of Default

Section 7.01 Events of Default. If any of the following events (any such event, an “Event of Default”) shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable;

(b) the Borrower shall fail to pay (x) any interest on any Loan, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days or (y) or any fee payable hereunder or any other amount due under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of fifteen (15) Business Days;

(c) (i) on the Effective Date, any Specified Representation shall be false or incorrect in any material respect as of the Effective Date and (ii) after the Effective Date, any representation, warranty or certification, when taken as a whole, made or deemed made by any Loan Party in any Loan Document shall be false or incorrect in any material respect as of the date made or deemed made and, in each case, to the extent capable of being cured (as determined by the Borrower in good faith), such incorrect representation, warranty or certification shall remain incorrect for a period of 30 days after receipt by the Borrower of written notice thereof from the Administrative Agent or the Required Lenders.

(d) Either the Parent, Holdco or the Borrower shall default in the performance or compliance of Section 5.02(a) (provided that the delivery of a notice of Default or Event of Default at any time will cure an Event of Default under Section 5.02(a) arising from the failure of the Borrower to timely deliver such notice of Default or Event of Default), Section 5.04 (solely with respect to the existence of the Borrower in its jurisdiction of organization or incorporation, if applicable) or in Article VI; provided that an Event of Default under Section 6.12 is subject to the Cure Right set forth in Section 7.03; provided further that (i) an Event of Default under Section 6.12 shall not constitute an Event of Default (or trigger a Default) for purposes of any Term Loan, unless and until the Administrative Agent (with the consent, or at the request, of the Required Revolving Lenders) has actually terminated the Revolving Commitments and declared all outstanding Revolving Loans to be immediately due and payable in accordance with this Agreement and such declaration has not been rescinded on or before such date and (ii) an Event of Default under Section 6.08(c) shall not constitute an Event of Default (or trigger a Default) for purposes of any Term Loan (other than than Tranche B-4 Term Loans and the Euro Tranche B-1 Term Loans), unless and until the Administrative Agent (with the consent, or at the request, of the Required First Amendment Refinancing Term Loan Lenders) has actually declared all outstanding Tranche B-4 Term Loans and Euro Tranche B-1 Term Loans to be immediately due and payable in accordance with this Agreement and such declaration has not been rescinded on or before such date;

(e) Any Loan Party shall default in the performance or compliance of any term contained in any Loan Document (other than those specified in paragraph (a), (b) or (d) of this Section 7.01), and such default shall continue unremedied and unwaived for a period of 30 days after receipt by the Borrower of written notice thereof from the Administrative Agent or the Required Lenders;

(f) the Parent or any Restricted Subsidiary shall fail to make any payment beyond all applicable grace periods (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable after giving effect to any applicable grace periods provided in the applicable instrument or agreement under which such Material Indebtedness was created, provided that this paragraph (f) shall not apply to any such failure that (x) is remedied by the Parent or applicable Restricted Subsidiary or (y) waived (including in the form of amendment) by the requisite holders of the applicable item of Material Indebtedness, in either case, prior to the acceleration of all the Loans pursuant to this Section 7.01;

(g) (i) any breach or default (after all applicable grace periods having expired and all required notices having been given) by the Parent or any Restricted Subsidiary of any Material Indebtedness if the effect of such breach or default is to cause such Material Indebtedness to become due prior to its scheduled maturity or that enables or permits (with all applicable grace periods having expired and all required notices having been given) the holder or holders of such Material Indebtedness, or any trustee or agent on its or their behalf, to cause such Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, provided that this paragraph (g) shall not apply to (A) secured Indebtedness that becomes due as a result of the sale, transfer or other disposition (including as a result of a casualty or condemnation event) of the property or assets securing such Indebtedness (to the extent such sale, transfer or other disposition is not prohibited under this Agreement), (B) Indebtedness which is convertible into Equity Interest and converts to Equity Interests in accordance with its terms or (C) any breach or default that (x) is remedied by the Parent or the applicable Restricted Subsidiary or (y) waived (including in the form of amendment) by the requisite holders of the applicable item of Material Indebtedness, in either case, prior to the acceleration of all the Loans pursuant to this Section 7.01 or (ii) if an involuntary “early termination event” or other similar event (which event shall extend beyond any applicable cure periods or grace periods) shall have occurred in respect of obligations owing under any Swap Agreement of the Parent or any Restricted Subsidiary, and the amount of such obligations, either individually or in the aggregate for all such Swap Agreements at such time, is in excess of \$125,000,000; provided that, in respect of obligations owing under any such Swap Agreement owed to the applicable counterparty at such time, the amount for purposes of this paragraph (g)(ii) shall be the amount payable on a net basis by the Parent or such Restricted Subsidiary to such counterparty (after giving effect to all netting arrangements) if such Swap Agreement were terminated at such time; provided that this paragraph (g)(ii) shall not apply to any such event that (x) is remedied by the Parent or the applicable Restricted Subsidiary or (y) waived (including in the form of amendment) by the applicable counterparty, in either case, prior to the acceleration of all the Loans pursuant to this Section 7.01;

(h) subject to Section 7.02, (i) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking liquidation, reorganization, administration or other relief in respect of the Parent or any Restricted Subsidiary, or of all or a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the involuntary appointment of a receiver, trustee, custodian, sequestrator, conservator, administrator or similar official for the Parent or any Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding shall continue undismissed and unstayed for 60 consecutive days without having been dismissed, bonded or discharged or an order of relief is entered in any such proceeding;

(i) subject to Section 7.02, the Parent or any Restricted Subsidiary shall (i) voluntarily commence any proceeding seeking liquidation, reorganization, administration or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of any proceeding or petition described in paragraph (h) of this Section 7.01, (iii) consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator, administrator or similar official for the Parent or any Restricted Subsidiary or for all or a substantial part of its assets or (iv) make a general assignment for the benefit of creditors;

(j) any final, non-appealable judgment(s) for the payment of money in an aggregate amount in excess of \$125,000,000 (to the extent not covered by insurance or indemnities as to which the applicable insurance company or third party has not denied coverage) shall be rendered against the Parent or any Restricted Subsidiary or any combination thereof and the same shall remain undischarged, unvacated, unbounded and unstayed for a period of 60 consecutive days;

(k) an ERISA Event or similar event with respect to any Foreign Plan shall have occurred that would reasonably be expected to result in a Material Adverse Effect;

(l) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by any Loan Party not to be (other than in an informational notice to the Administrative Agent), a valid and perfected (if and to the extent required to be perfected under the applicable Security Document) Lien on any Collateral with a fair value in excess of \$125,000,000 at any time, with the priority required by the applicable Security Document (subject to Liens permitted under Section 6.02), except (i) as a result of the release of a Loan Party or the sale, transfer or other disposition of the applicable Collateral (including as a result of the designation of a Restricted Subsidiary as an Unrestricted Subsidiary) in a transaction permitted under the Loan Documents or the occurrence of the Termination Date or (ii) as a result of any action of the Administrative Agent, Collateral Agent or any Lender or the failure of the Administrative Agent, Collateral Agent, or any Lender to take any action that is within its control;

(m) at any time after the execution and delivery thereof, any material portion of the Guarantee of the Obligations under the Guarantees shall for any reason other than the occurrence of the Termination Date or as expressly permitted hereunder or thereunder (including or as a result of a transaction permitted hereunder) cease to be in full force and effect, or any Loan Party shall contest the validity or enforceability in writing or repudiate, rescind or deny in writing that it has any further liability or obligation under any Loan Document other than as a result of the occurrence of the Termination Date, the sale or transfer of such Loan Party (including the designation as an Unrestricted Subsidiary) or as a result of a transaction permitted hereunder or thereunder; or

(n) a Change in Control shall have occurred;

then, and in every such event (I) (other than (x) an event described in paragraph (d) of this Section 7.01 in respect of a default of performance or compliance with the covenant under Section 6.12, (y) an event described in paragraph (d) of this Section 7.01 in respect of a default of performance or compliance with the covenant under Section 6.08(c) or (z) an event with respect to the Borrower described in paragraph (h) or (i) of this Section 7.01; provided that in the case of clause (x), the actions hereinafter described will be permitted to occur only (A) following the expiration of the ability to effectuate the Cure Right if such Cure Right has not been so exercised and (B) if the express conditions of clause (i) of the last proviso contained in Section 7.01(d) have been satisfied and in the case of clause (y), the actions hereinafter described will be permitted to occur only if the express conditions of clause (ii) of the last proviso contained in Section 7.01(d) have been satisfied), and at any time thereafter during the continuance of such event, the Administrative Agent with the consent of the Required Lenders may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times (except in the case of an event under paragraph (d) of this Section 7.01 in respect of a failure to observe or perform the covenant under (x) Section 6.12, the following actions may not be taken until (A) the ability to exercise the Cure Right under Section 7.03 has expired (but may be taken as soon as the ability to exercise the Cure Right has expired and it has not been so exercised) and (B) the express conditions in clause (i) of the last proviso contained in Section 7.01(d) have been satisfied and (y) Section 6.08(c), the following actions may not be taken until the express conditions in clause (ii) of the last proviso contained in Section 7.01(d) have been satisfied): (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately; and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter, during the continuance of such event, be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and (II) (x) in the case of an event under paragraph (d) of this Section 7.01 in respect of a failure to observe or perform the covenant under Section 6.12, (provided that the actions hereinafter described will be permitted to occur only following the expiration of the ability to effectuate the Cure Right if such Cure Right has not been so exercised), and at any time thereafter during the continuance of such event, the Administrative Agent with the consent of the Required Revolving Lenders may, and at the request of the Required Revolving Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times (except the following actions may not be taken until the ability to exercise the Cure Right under Section 7.03 has expired (but may be taken as soon as the ability to exercise the Cure Right has expired and it has not been so exercised)): (i) terminate the Revolving Commitments, and thereupon the Revolving Commitments shall terminate immediately, and (ii) declare the Revolving Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter, during the continuance of such event, be declared to be due and payable), and thereupon the principal of the Revolving Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower (to the extent permitted by applicable law); and (y) in the case of an event under paragraph (d) of this Section 7.01 in respect of a failure to observe or perform the covenant under Section 6.08(c), and at any time thereafter during the continuance of such event, the Administrative Agent with the consent of the Required First Amendment Refinancing Term Loan Lenders may, and at the request of the Required First Amendment Refinancing Term Loan Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: declare the Tranche B-4 Term Loans and the Euro Tranche B-1 Term Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter, during the continuance of such event, be declared to be due and payable), and thereupon the principal of the Tranche B-4 Term Loans and Euro Tranche B-1 Term Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower (to the extent permitted by applicable law); and in the case of any event with respect to the Borrower described in paragraph (h) or (i) of this Section 7.01, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable by the Borrower, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Section 7.02 Exclusion of Immaterial Subsidiaries. Solely for the purposes of determining whether a Default or an Event of Default has occurred under paragraph (h), (i) or (j) of Section 7.01, any reference in any such paragraph to any Restricted Subsidiary shall be deemed not to include any Restricted Subsidiary affected by any event or circumstance referred to in such paragraph that did not, as of the last day of the fiscal quarter of the Parent most recently ended, have assets with a value equal to or greater than 5.0% of Consolidated Total Assets of the Parent and its Restricted Subsidiaries as of such date, based on the consolidated statement of financial position of the Parent and its Restricted Subsidiaries as of such date, provided that if it is necessary to exclude more than one Restricted Subsidiary from paragraph (h), (i) or (j) of Section 7.01 pursuant to this paragraph in order to avoid a Default or an Event of Default, the aggregate value of the assets of all such excluded Restricted Subsidiaries as of such last day may not exceed 10.0% of Consolidated Total Assets of the Parent and its Restricted Subsidiaries as of such date, based on the consolidated statement of financial position of the Parent and its Restricted Subsidiaries as of such date.

Section 7.03 Right to Cure. (a) Notwithstanding anything to the contrary contained in Section 7.01, in the event that the Parent fails to comply with the requirements of the covenant under Section 6.12 at the end of any fiscal quarter, until the expiration of the twelfth (12th) Business Day subsequent to the date the Compliance Certificate is required to be delivered pursuant to Section 5.01(c), in respect of the period ending on the last day of such quarter, any net cash proceeds of any common equity contribution made, directly or indirectly to the Parent, or any net cash proceeds of any issuance of Qualified Equity Interests of the Parent, in each case during such fiscal quarter then ended for which the Parent has failed to comply with Section 6.12 and/or following the end of such fiscal quarter and on or prior to such 12th Business Day, in each case in an aggregate amount equal to the amount necessary to cure the relevant failure to comply with such covenant may, at the election of the Borrower be included in the calculation of Consolidated EBITDA for purposes of determining compliance with such covenant (the "Cure Right"), and upon the earlier of (x) the delivery by the Borrower of written notice to the Administrative Agent that it intends to exercise the Cure Right hereunder (it being understood that to the extent such notice is provided in advance of delivery of a Compliance Certificate for the applicable period, the amount of such net cash proceeds that are received as the Cure Amount may be lower than specified in such notice to the extent that the amount necessary to cure any Event of Default under Section 6.12 is less than the full amount of any originally designated amount) and (y) receipt by the Parent of such cash proceeds (the "Cure Amount"), such covenant shall be recalculated giving effect to the following pro forma statements:

(i) solely for purpose of determining the existence of an Event of Default under Section 6.12, Consolidated EBITDA for the fiscal quarter of the Parent for which such certificate is required to be delivered shall be increased by an amount equal to the Cure Amount, and such increase shall be effective for all periods that include the fiscal quarter of the Parent for which such Cure Right was exercised and not for any other purpose under this Agreement; and

(ii) if, after giving effect to the foregoing recalculations (but not giving effect to any payment of Indebtedness made with such Cure Amount when calculating compliance with Section 6.12 at the end of such (but no other) fiscal quarter), the Parent shall then be in compliance with the requirements of the covenant under Section 6.12 at the end of such fiscal quarter, the Parent shall be deemed to have satisfied the requirements of the covenant under Section 6.12 as of the last day of such fiscal quarter with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or Default or Event of Default of the covenant under Section 6.12 that had occurred shall be deemed cured for this purpose under this Agreement and the other Loan Documents (other than for purposes of Section 4.02(b)) if the Borrower has delivered written notice pursuant to clause (x) above); provided that if the Cure Amount is not received by the Parent prior to such 12th Business Day, such Default or Event of Default shall be deemed reinstated.

(b) Notwithstanding anything herein to the contrary, (i) in each four-fiscal-quarter period of the Parent there shall be at least two (2) fiscal quarters in which the Cure Right is not exercised, (ii) the Cure Right shall not be exercised more than five (5) times prior to the Revolving Maturity Date, (iii) the Cure Amount shall not exceed the amount required to cause the Parent to be in compliance with the covenant under Section 6.12; and (iv) neither the Administrative Agent nor any Lender or Secured Party shall exercise any remedy (including acceleration) under the Loan Documents or applicable law on the basis of an Event of Default caused by the failure to comply with Section 6.12 until after the Parent's ability to cure has lapsed and the Parent has not exercised the Cure Right.

Section 7.04 Application of Proceeds.

(a) Upon the occurrence and during the continuation of an Event of Default, if requested by Required Lenders, or upon acceleration of all the Obligations pursuant to Section 7.01, all proceeds received by the Administrative Agent or the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral under any Loan Document shall, subject to the Pari Passu Intercreditor Agreement and any other applicable intercreditor or subordination agreement entered into by the Collateral Agent in accordance with the terms hereof, be applied by the Administrative Agent as follows:

(i) *First*, to payment of that portion of the Secured Obligations constituting fees, indemnities, expenses and other amounts (other than principal and interest) payable to each Agent in its capacity as such;

(ii) *Second*, to payment of that portion of the Secured Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders, ratably among them in proportion to the amounts described in this clause Second payable to them;

(iii) *Third*, to payment of that portion of the Secured Obligations constituting accrued and unpaid interest (including, but not limited to, post-petition interest), ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

(iv) *Fourth*, to payment of that portion of the Secured Obligations constituting unpaid principal, unreimbursed LC Disbursements or face amounts of the Loans, and Swap Termination Value under Secured Swap Agreements and Secured Cash Management Obligations and for the account of the Issuing Bank, to Cash Collateralize that portion of Obligations comprised of the aggregate undrawn amount of Letters of Credit, ratably among the Secured Parties in proportion to the respective amounts described in this clause Fourth held by them;

(v) *Fifth*, to the payment of all other Secured Obligations of the Loan Parties that are due and payable to the Administrative Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Secured Obligations owing to the Administrative Agent and the other Secured Parties on such date; and

(vi) *Last*, the balance, if any, after all of the Secured Obligations have been paid in full, to the Borrower or as otherwise required by law.

Subject to Section 2.05(c), 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 and, if no Obligations remain outstanding, to the Borrower.

Notwithstanding the foregoing, (a) amounts received from any Guarantor that is not a “Eligible Contract Participant” (as defined in the Commodity Exchange Act) shall not be applied to the obligations that are Excluded Swap Obligations and (b) Secured Cash Management Obligations shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the applicable Lender Counterparty. Each Lender Counterparty 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 VIII hereof for itself and its Affiliates as if a “Lender” party hereto.

ARTICLE VIII

The Administrative Agent

Section 8.01 Appointment of Agents. Each of the Lenders and the Issuing Bank hereby irrevocably appoints JPMorgan Chase Bank, N.A. to act on its behalf as the Administrative Agent and Collateral Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent and Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent and Collateral Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. Unless otherwise specifically set forth herein, the Collateral Agent shall have all the rights and benefits of the Administrative Agent set forth in this Article.

The Collateral Agent shall act as the “collateral agent” under the Loan Documents, and each of the Lenders (including in its capacities as a Lender Counterparty or potential Lender Counterparty) and the Issuing Bank hereby irrevocably appoints and authorizes the Collateral Agent to act as the agent (and, if applicable, in the case of any UK Security Documents, as trustee of the Liens constituted thereby) of such Lender and the Issuing Bank for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties pursuant to the Security Documents to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Collateral Agent, as “collateral agent” and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to [Section 8.05](#) for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security 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 VIII](#) and [Section 9.03](#) (as though such co-agents, subagents and attorneys-in-fact were the “collateral agent” under the Loan Documents) as if set forth in full herein with respect thereto. The Lenders acknowledge and agree (and each Lender Counterparty shall be deemed to hereby acknowledge and agree) that Collateral Agent may also act as the collateral agent for lenders under the Seattle Credit Agreement, Other Term Loans, the Other Revolving Commitments, the Term Loan Exchange Notes, the Additional Term Notes, the Unrestricted Additional Term Notes, Credit Agreement Refinancing Indebtedness, the Refinancing Notes, Seattle Term Loans, the Seattle Revolving Commitments, the Seattle Term Loan Exchange Notes, the Seattle Additional Term Notes, the Seattle Unrestricted Additional Term Notes, Seattle Credit Agreement Refinancing Indebtedness and the Seattle Refinancing Notes.

The Administrative Agent and the Collateral Agent shall at all times be the same Person that is the “administrative agent” and the “collateral agent” under the Seattle Credit Agreement. Written notice of resignation by the JPMorgan Chase Bank, N.A. as the administrative agent and collateral agent pursuant to [Section 8.06](#) of the Seattle Credit Agreement shall also constitute notice of resignation as the Administrative Agent and the Collateral Agent under this Agreement; removal of JPMorgan Chase Bank, N.A. as the administrative agent and collateral agent pursuant to [Section 8.06](#) of the Seattle Credit Agreement shall also constitute removal under this Agreement; and appointment of an administrative agent and collateral agent pursuant to [Section 8.06](#) of the Seattle Credit Agreement shall also constitute appointment of a successor Administrative Agent and Collateral Agent under this Agreement.

[Section 8.02](#) [Rights of Lender](#). The bank serving as the Administrative Agent and Collateral 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 Collateral Agent, and with respect to any of its Loans or Commitments hereunder, the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent and Collateral Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Parent or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent and Collateral Agent hereunder and without any duty to account therefor to the Lenders.

Section 8.03 Exculpatory Provisions.

The Administrative Agent and Collateral Agent shall not have any duties or obligations except those expressly set forth herein or in the other Loan Documents. Without limiting the generality of the foregoing the Administrative Agent and Collateral Agent, (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent or Collateral Agent is required to exercise in writing as directed 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 and (c) shall not except as expressly set forth herein or in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Parent or any Subsidiary that is communicated to or obtained by the bank serving as Administrative Agent, Collateral Agent or any of their respective Affiliates in any capacity. The Administrative Agent and Collateral Agent shall not be liable for any action taken or not taken by it 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 Section 9.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent and Collateral Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Parent, or the Borrower, a Lender or the Issuing Bank, and the Administrative Agent and Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with 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 express conditions set forth in any Loan Document or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or 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 Security Documents or that the Liens granted to the Collateral Agent pursuant to any Security Document have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, (v) the value or the sufficiency of any Collateral or (vi) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent. The Administrative Agent shall have no obligation to monitor whether any amendment or waiver to any Loan Document has properly become effective or is permitted hereunder or thereunder except to the extent expressly agreed to by the Administrative Agent in such amendment or waiver.

Section 8.04 Reliance by Administrative Agent and Collateral Agent.

Each of the Administrative Agent and Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it in good faith to be genuine and to have been signed or sent or otherwise authenticated by the proper Person. Each of the Administrative Agent and Collateral Agent also may rely upon any statement made to it orally or by telephone and believed by it in good faith to be made by the proper Person, and shall not incur any liability for relying thereon. Each of the Administrative Agent and Collateral Agent may consult with legal counsel (who may be counsel for the Borrower), 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. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit.

Section 8.05 Delegation of Duties. Each of the Administrative Agent and Collateral Agent may perform any and all of its duties and exercise its rights and powers hereunder or under

any other Loan Documents by or through any one or more sub-agents appointed by the Administrative Agent, including without limitation, J.P. Morgan Europe Limited. Each of the Administrative Agent and Collateral Agent and any such sub-agent may perform any and all 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 or Collateral Agent.

Section 8.06 Resignation of Agents; Successor, Administrative Agent, Collateral Agent and Issuing Bank. The Administrative Agent and Collateral Agent may at any time resign by

giving 30 days' prior written notice of its resignation to the Lenders, the Issuing Bank and the Borrower. If the Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition of "Defaulting Lender" either the Required Lenders or the Borrower may upon 10 days' prior notice remove the Administrative Agent or Collateral Agent, as the case may be. Upon receipt of any such notice of resignation or delivery of such removal notice, the Required Lenders shall have the right, with the consent of the Borrower (provided that such consent shall not be unreasonably withheld or delayed and that such consent shall not be required at any time that an Event of Default under Section 7.01(a), (h) or (i) shall have occurred and be continuing), 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 30 days after the retiring Administrative Agent or Collateral Agent, as applicable, gives notice of its resignation or the delivery of such removal notice, then (a) in the case of a retirement, the retiring Administrative Agent may on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent or Collateral Agent, as applicable, meeting the qualifications set forth above (including the consent of the Borrower) or (b) in the case of a removal, the Borrower may, after consulting with the Required Lenders, appoint a successor Administrative Agent or Collateral Agent, as applicable, meeting the qualifications set forth above; provided that (x) in the case of a retirement, if such Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment or (y) in the case of a removal, the Required Lenders notify the Borrower that no qualifying Person has accepted such appointment, then, in each case, such resignation or removal shall nonetheless become effective in accordance with such notice and (i) the retiring or removed Administrative Agent or Collateral Agent, as applicable, 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 or Collateral Agent, as applicable, on behalf of the Lenders or the Issuing Bank under any of the Loan Documents, the retiring or removed Administrative Agent or Collateral Agent, as applicable, shall continue to hold such collateral security, as bailee, until such time as a successor Administrative Agent or Collateral Agent, as applicable, is appointed), (ii) 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 the Issuing Bank directly (and each Lender and Issuing Bank will cooperate with the Borrower to enable the Borrower to take such actions), until such time as the Required Lenders or the Borrower, as applicable, appoint a successor Administrative Agent, as provided for above in this Section 8.06 and (iii) the Borrower and the Lenders agree that in no event shall the retiring Administrative Agent and Collateral Agent or any of their respective Affiliates or any of their respective officers, directors, employees, agents advisors or representatives have any liability to the Loan Parties, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the failure of a successor Administrative Agent or Collateral Agent to be appointed and to accept such appointment. Upon the acceptance of a successor's appointment as Administrative Agent or Collateral Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent or Collateral Agent, as applicable, and the retiring Administrative Agent or Collateral Agent, as applicable, 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 Article). The fees payable by the Borrower to a successor Administrative Agent or Collateral Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article VIII and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent or Collateral Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent or Collateral Agent was acting as Administrative Agent or Collateral Agent.

Any resignation or removal of JPMorgan Chase Bank, N.A. or its successor as Administrative Agent pursuant to this Section 8.06 shall also constitute the resignation or removal of JPMorgan Chase Bank, N.A. or its successor as an Issuing Bank and, after such resignation or removal, JPMorgan Chase Bank, N.A. and its successor shall not have any obligation hereunder to issue any new Letter of Credit or to extend or amend any then existing Letter of Credit issued by it.

Notwithstanding anything to the contrary contained herein, any Issuing Bank may, upon thirty (30) days' notice to the Borrower, the Administrative Agent and the Lenders, resign as an Issuing Bank and any Issuing Bank may be removed at any time by the Borrower in accordance with Section 2.05(k); provided that on or prior to the expiration of such 30-day period with respect to such resignation, the relevant Issuing Bank shall have identified a successor Issuing Bank reasonably acceptable to the Borrower willing to accept its appointment as successor Issuing Bank. In the event of any such resignation or removal of an Issuing Bank, the Borrower shall be entitled to appoint from among the Lenders willing to accept such appointment a successor Issuing Bank; provided that no failure by the Borrower to appoint any such successor shall affect the resignation or removal of the relevant Issuing Bank, except as expressly provided above. If an Issuing Bank resigns or is removed as an Issuing Bank, it shall retain all the rights and obligations of an Issuing Bank hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation or removal as an Issuing Bank and all Obligations with respect thereto. If any Issuing Bank resigns or is removed as an Issuing Bank, after such resignation or removal, such Issuing Bank shall not have any obligation hereunder to issue any new Letter of Credit or to extend or amend any then existing Letter of Credit issued by it.

Section 8.07 Non-Reliance on Agents and Other Lenders. Each Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent, the Collateral Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Collateral Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon any Loan Document or any related agreement or any document furnished thereunder.

Section 8.08 No Other Duties. Notwithstanding anything herein to the contrary, none of the Agents or Lead Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under any Loan Document, except in its capacity, as applicable, as the Administrative Agent, Collateral Agent, a Lender or an Issuing Bank hereunder.

Section 8.09 Collateral and Guaranty Matters. Each Lender (including in its capacities as Lender Counterparties) hereby agrees, and each holder of any Note by the acceptance thereof will be deemed to agree, that, except as otherwise set forth herein, any action taken by the Required Lenders in accordance with the provisions of this Agreement or the Security Documents, and the exercise by the Required Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. Each of the Lenders, the Lender Counterparties and the Issuing Bank irrevocably authorize each of the Administrative Agent and the Collateral Agent,

(a) to release any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent (or any sub-agent thereof) under any Loan Document (i) upon the Termination Date, (ii) that is sold or to be sold or transferred as part of or in connection with any sale or other transfer permitted hereunder or under any other Loan Document to a Person that is not a Loan Party or in connection with the designation of any Restricted Subsidiary as an Unrestricted Subsidiary, (iii) that constitutes Excluded Property, (iv) if the property subject to such Lien is owned by a Loan Party, upon the release of such Loan Party from its Guaranty otherwise in accordance with the Loan Documents, (v) as to the extent, if any, provided in the Security Documents, (vi) to the extent such Collateral is comprised of property leased to a Loan Party or (vii) if approved, authorized or ratified in writing in accordance with Section 9.02;

(b) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Restricted Subsidiary (or becomes an Excluded Subsidiary) as a result of a transaction or designation permitted hereunder;

(c) to subordinate any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent under any Loan Document to the holder of any Lien on such property that is permitted under Section 6.02(c), Section 6.02(d), Section 6.02(e) and Section 6.02(f);

(d) enter into subordination or intercreditor agreements with respect to Indebtedness to the extent the Administrative Agent or Collateral Agent is otherwise contemplated herein as being a party to such intercreditor or subordination agreement, in each case to the extent such agreements are substantially consistent with the terms set forth on (i) Exhibit K-1 or K-2 annexed hereto together with (A) any immaterial changes and (B) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be pari passu with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are pari passu with, or junior in priority to, other Liens that are junior to the Liens securing the Obligations); and

(e) to enter into and sign for and on behalf of the Lenders as Secured Parties the Security Documents for the benefit of the Lenders and the other Secured Parties.

Upon request by the Administrative Agent or the Collateral Agent at any time, the Required Lenders (or such greater or fewer number of Lenders as may be required pursuant to Section 9.02(b)(v) or (vi)) will confirm in writing the Administrative Agent's or the Collateral Agent's, as the case may be, authority to release or subordinate its interest in particular types or items of property, or to release any Loan Party from its obligations under the Guaranty pursuant to this Section 8.09. In each case as specified in this Section 8.09, the Administrative Agent and the Collateral Agent will (and each Lender hereby authorizes the Administrative Agent and the Collateral Agent to), at the Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Security Documents or to subordinate its interest in such item, or to release such Loan Party from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 8.09.

Section 8.10 Secured Swap Agents and Secured Cash Management Agents. No Lender Counterparty that obtains the benefits of Section 16 of the US Collateral Agreement, the Guaranty or any Collateral by virtue of the provisions hereof or of the Guaranty or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article VIII to the contrary, neither the Administrative Agent nor the Collateral Agent shall be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Secured Swap Obligations or Secured Cash Management Obligations arising under Secured Swap Agreements or Secured Cash Management Agreements with Lender Counterparties unless the Administrative Agent has received written notice of such Secured Obligations, together with such supporting documentation as the Administrative Agent may reasonably request, from the applicable Lender Counterparty.

Section 8.11

Withholding Tax.

To the extent required by any applicable law (as determined in good faith by the Administrative Agent), the Administrative Agent may withhold from any payment to any Lender under any Loan Document an amount equivalent to any applicable withholding tax. If the IRS or any other Governmental Authority of any jurisdiction asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered, was not properly executed or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by the Borrower and without limiting the obligation of the Borrower to do so) fully for, and shall make payable in respect thereof within 30 days after demand therefor, all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due the Administrative Agent under this Section 8.11. The agreements in this Section 8.11 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations. For purposes of this Section 8.11, the term "Lender" includes any Issuing Bank and the Swingline Lender.

Section 8.12

Administrative Agent and Collateral Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment or composition under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent and Collateral Agent (irrespective of whether the principal of any Loan or LC Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent or Collateral 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 amount of the principal and interest owing and unpaid in respect of the Loans, LC Exposures and all other Obligations, in each case, that are owing and unpaid by such Loan Party and to file such other documents as may be necessary or advisable in order to have such claims of the Lenders, the Issuing Bank, the Administrative Agent and Collateral Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Bank, the Administrative Agent and Collateral Agent and their respective agents and counsel and all other amounts due the Lenders, the Issuing Bank, the Administrative Agent and Collateral Agent under Section 2.12 and Section 9.03 which are payable by such Loan Party) allowed in such judicial proceeding;

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and

(c) any custodian, receiver, assignee, trustee, liquidator, sequestrator, examiner or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Issuing Bank to make such payments to the Administrative Agent and, if the Administrative Agent shall consent, to the making of such payments directly to the Lenders and the Issuing Bank, to pay to the Administrative Agent (and Lenders and Issuing Bank, as applicable) 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 Section 2.12 and Section 9.03 in each case reimbursable or payable by such Loan Party.

Nothing contained herein shall be deemed to authorize the Administrative Agent or Collateral Agent to authorize or consent to or accept or adopt on behalf of any Lender or the Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the Issuing Bank to authorize the Administrative Agent and Collateral Agent to vote in respect of the claim of any Lender or the Issuing Bank or in any such proceeding, in each case subject to Section 14(d) of the US Collateral Agreement. The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including accepting some or all of the Collateral in satisfaction of some or all of the Secured Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, (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 applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid 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.

ARTICLE IX
Miscellaneous

Section 9.01 Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, 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, as follows:

(a) if to the Parent, the Borrower or any other Loan Party, Micro Focus, The Lawn, 22-30 Old Bath Road, Newbury, Berkshire, RG14 1QN, Attention: Mike Phillips (Chief Financial Officer), E-mail: mike.phillips@microfocus.com, and a copy to Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attention: Christopher Butler, P.C., Fax: (312) 862-2200;

(b) if to the Administrative Agent or the Collateral Agent, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 9.01;

(c) if to an Issuing Bank or Swingline Lender other than the Administrative Agent, to it at the address or facsimile number set forth separately in writing and delivered to the Borrower and the Administrative Agent; and

(d) if to any other Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. Subject to Section 9.15, notices and other communications to the Lenders and the Issuing Bank hereunder may also be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the Issuing Bank pursuant to Article II if such Lender or the Issuing Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Section 9.02 Waivers: Amendments.(a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or the issuance, amendment, renewal or extension of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time. No notice or demand on the Parent, Holdco or the Borrower in any case shall entitle the Parent, Holdco or the Borrower to any other or further notice or demand in similar or other circumstances.

(b) Except as provided in Section 2.20 with respect to any Incremental Facility Amendment, in Section 2.21, with respect to any Refinancing Amendment, in Section 2.24 with respect to an Extension Offer, with respect to the Term Loan Exchange Notes in Section 2.25, in Section 9.02(d) with respect to any amendment in respect of Replacement Term Loans and in Section 9.02(h), in Section 9.16 or as otherwise specifically provided below or otherwise provided herein or in a Loan Document, neither any Loan Document nor any provision thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto (except as otherwise expressly provided therein), in each case with the consent of the Required Lenders (other than with respect to any amendment, modification or waiver contemplated in clauses (i) through (x) in the following proviso, which shall only require the consent of the Lenders expressly set forth therein and not the Required Lenders), provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender (it being understood that a waiver of any condition precedent in Section 9 of the Effective Date Amendment or Section 4.02, of this Agreement or the waiver of any covenant, Default, Event of Default or mandatory prepayment or mandatory reductions of the Commitments shall not constitute an increase of any Commitment of a Lender), (ii) reduce or forgive the principal amount of any Loan or LC Disbursement owed to a Lender or reduce the rate of interest thereon owed to such Lender, or reduce any fees payable hereunder owed to such Lender, without the written consent of such Lender directly and adversely affected thereby, provided that any waiver of Default or Event of Default or default interest, waiver of a mandatory prepayment or any modification, waiver or amendment to the financial covenant definitions or financial ratios or any component thereof in this Agreement shall not constitute a reduction or forgiveness in the interest rates or the fees for purposes of this clause (ii), (iii) except as otherwise provided hereunder, including without limitation pursuant to Refinancing Amendments pursuant to Section 2.21 or Extensions pursuant to Section 2.24, postpone the scheduled final maturity of any Loan, or any date for the payment of any interest or fees payable hereunder, or reduce or forgive the amount of, waive or excuse any such repayment (but not prepayment), or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly and adversely affected thereby (it being understood that no amendment, modification or waiver of, or consent to departure from, any condition precedent, covenant, Default, Event of Default, waiver of default interest, mandatory prepayment or mandatory reduction of the Commitments shall constitute a postponement of any date scheduled for the payment of principal or interest or an extension of the final maturity of any Loan or the scheduled termination date of any Commitment), (iv) modify the order of payments set forth in Section 7.04 without the written consent of each Lender directly and adversely affected thereby, (v) change any of the provisions of this Section 9.02(b) or reduce the percentage set forth in the definition of the term “Required First Amendment Refinancing Term Loan Lenders”, “Required Lenders”, “Required Revolving Lenders” or reduce the percentage in any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender or each Revolving Lender, as the case may be (or each Lender of such Class, as the case may be) (it being understood that, other than as specifically provided in this Agreement, including pursuant to (v) the Term Loan Exchange Notes in Section 2.25, (w) Section 9.02(d) with respect to Replacement Term Loans, (x) any Incremental Facility Amendment (the consent requirements for which are set forth in Section 2.20), (y) a Refinancing Amendment (the consent requirements for which are set forth in Section 2.21) and (z) an Extension Offer pursuant to Section 2.24, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders or a particular Class of Lenders on substantially the same basis as the Term Loans and Revolving Commitments on the Effective Date), (vi) release all or substantially all of the Guarantors under the Guaranties (except as provided herein or in the applicable Loan Document), without the written consent of each Lender, (vii) release all or substantially all the Collateral from the Liens of the Security Documents (except as provided herein or in the applicable Loan Document), without the written consent of each Lender (it being understood that any subordination of a Lien permitted hereunder shall not constitute a release of a Lien under this section and the granting of any pari passu Liens in connection with the incurrence of Indebtedness or the granting of Liens otherwise permitted hereunder from time to time (including pursuant to amendments) shall not constitute a release of Liens), (viii) modify the provisions of Section 9.04(e) in a manner that directly and adversely affects the protections afforded to an SPV pursuant to the provisions of Section 9.04(e), without the written consent of each Granting Lender all or any part of whose Loans are being funded by an SPV at the time of such amendment, modification or waiver, (ix) amend, waive or otherwise modify any term or provision of Section 6.12, Section 7.01 (solely as it relates to Section 6.12), Section 7.03 or the definition of “First Lien Leverage Ratio” (or any of its component definitions (as used in such Section but not as used in other Sections of this Agreement)) without the written consent of the Required Revolving Lenders, (x) amend, waive or otherwise modify any term or provision of Section 6.08(c), Section 7.01 (solely as it relates to Section 6.08(c)) or the definition of “Specified Restricted Payments” (or any of its component definitions or section references (as used in such Section but not as used in other Sections of this Agreement)) without, and solely with, the written consent of the Required First Amendment Refinancing Term Loan Lenders and (xi) in connection with an amendment that addresses solely a re-pricing transaction in which any Class of Term Loans or Revolving Commitments (and the Revolving Loans in respect hereof) is refinanced with a replacement Class of term loans or revolving commitments (and the revolving loans in respect hereof) bearing (or is modified in such a manner such that the resulting term loans or revolving commitments (and the revolving loans in respect hereof bear) a lower Yield, only the consent of the Lenders holding Term Loans or Revolving Commitments (and the Revolving Loans in respect hereof) subject to such permitted repricing transaction that will continue as a Lender in respect of the repriced tranche of Term Loans or Revolving Commitments (and the Revolving Loans in respect hereof) or modified Term Loans or Revolving Commitments (and the Revolving Loans in respect hereof); provided, further, that no such agreement shall directly and adversely amend or modify the rights or duties of the Administrative Agent, the Collateral Agent or the Issuing Bank without the prior written consent of the Administrative Agent, the Collateral Agent or the Issuing Bank, as the case may be. In the event an amendment to this Agreement or any other Loan Document is effected without the consent of the Administrative Agent or Collateral Agent (to the extent permitted hereunder) and to which the Administrative Agent or Collateral Agent is not a party, the Borrower shall furnish a copy of such amendment to the Administrative Agent. Notwithstanding the foregoing, no Lender or Issuing Bank consent is required to effect any amendment, modification or supplement to any intercreditor agreement or arrangement permitted under this Agreement or in any document pertaining to any Indebtedness permitted hereby that is permitted to be secured by the Collateral, including any Seattle Term Loan, Incremental Term Loan or Incremental Revolving Loan, any Other Term Loan, Other Revolving Loan or Other Revolving Commitments, Extended Term Loans, Extended Revolving Loans, any Refinancing Notes, or any Additional Term Notes, Unrestricted Additional Term Notes, Refinancing Notes, Term Loan Exchange Notes and Permitted First Priority Replacement Debt or Permitted Second Priority Replacement Debt or Additional Debt, for the purpose of adding the holders of such Indebtedness (or their senior representative) as a party thereto and otherwise causing such Indebtedness to be subject thereto, to give effect hereto or otherwise carry out the purposes thereof, in each case as contemplated by the terms of such intercreditor agreement or arrangement permitted under this Agreement, as applicable, together with (A) any immaterial changes and (B) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be pari passu with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are pari passu with, or junior in priority to, other Liens that are junior to the Liens securing the Obligations).

(c) In connection with any proposed amendment, modification, waiver or termination (a “Proposed Change”) requiring the consent of all Lenders or all directly and adversely affected Lenders, if the consent of the Required Lenders (or, to the extent any Proposed Change requires the consent of Lenders holding Loans of any Class pursuant to clause (iv) of paragraph (b) of this Section 9.02, the consent of a majority in interest of the outstanding Loans and unused Commitments of such Class) (or, in the case of a consent, waiver or amendment involving directly and adversely affected Lenders, at least 50.1% of such directly and adversely affected Lenders) to such Proposed Change is obtained, but the consent to such Proposed Change of other Lenders whose consent is required is not obtained or if a Lender rejects (or is deemed to reject) an Extension under Section 2.24, a Refinancing Amendment pursuant to Section 2.21 or Replacement Term Loans pursuant to Section 9.02(d), (any such Lender whose consent is not obtained as described in paragraph (b) of this Section 9.02 or has rejected (or is deemed to have rejected) such Extension Offer, Refinancing Amendment or Replacement Term Loans being referred to as a “Non-Consenting Lender”), then, the Borrower may, at its sole expense and effort, upon notice to such Non-Consenting Lender and the Administrative Agent, (i) require such Non-Consenting Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that (a) such Non-Consenting Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), plus, if the Non-Consenting Lender is a Lender with Term Loans being required to assign Term Loans under this Section 9.02(c) due solely to its failure to waive, postpone or reduce the prepayment premium set forth in Section 2.11(a), the payment by the assignee of such prepayment premium as if such Term Loans subject to such assignment were subject to prepayment, (b) the Borrower or such assignee shall have paid to the Administrative Agent the processing and recordation fee specified in clause (b)(ii) of Section 9.04 and (c) such assignee shall have consented to the Proposed Change or (ii) terminate the Commitment of such Lender or Issuing Bank, as the case may be, and (1) in the case of a Lender (other than an Issuing Bank), repay all Obligations of the Borrower due and owing to such Lender relating to the Loans and participations held by such Lender as of such termination date and (2) in the case of an Issuing Bank, repay all Obligations of the Borrower owing to such Issuing Bank relating to the Loans and participations held by the Issuing Bank as of such termination date and cancel or backstop on terms reasonably satisfactory to such Issuing Bank any Letters of Credit issued by it; provided that in the case of any such termination of a Non-Consenting Lender such termination shall be sufficient (together with all other consenting Lenders and terminated Lenders after giving effect hereto) to cause the adoption of the applicable amendment, modification, waiver or termination of the applicable Loan Documents.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) solely with the written consent of the Administrative Agent, the Parent, Holdco, the Borrower and the Lenders providing the relevant Replacement Term Loans (as such term is defined below) to permit the refinancing of all or any portion of any Class of Term Loans outstanding as of the applicable date of determination (the "Refinanced Term Loans") with a replacement term loan tranche hereunder (the "Replacement Term Loans"), provided that (i) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Refinanced Term Loans plus other Indebtedness that could otherwise be incurred hereunder, subject to a dollar-for-dollar usage of any basket (other than any basket that provides for Replacement Term Loans) set forth in Section 6.01, plus premiums, accrued interest, fees and expenses in connection therewith, (ii) the Weighted Average Life to Maturity and final maturity of such Replacement Term Loans shall not be shorter than the Weighted Average Life to Maturity and final maturity of such Refinanced Term Loans at the time of such refinancing (without giving effect to amortization for periods where amortization has been eliminated as a result of a prepayment of the applicable Refinanced Term Loans), (iv) the mandatory prepayment and optional prepayment provisions of the Replacement Term Loans shall not require more than pro rata payments and may permit optional prepayments and mandatory prepayments to be paid in respect of the Term Loans not constituting Refinanced Term Loans, and (v) (A) the obligations in respect thereof shall not be secured by Liens on the assets of the Parent and its Restricted Subsidiaries, other than assets constituting Collateral and (B) no Restricted Subsidiary is a borrower or a guarantor with respect to such Indebtedness unless such Restricted Subsidiary is a Loan Party which shall have previously or substantially concurrently guaranteed or borrowed, as applicable, the Obligations and (vi) the covenants and events of default (other than maturity, fees, discounts, interest rate, redemption terms and redemption premiums, which shall be determined in good faith by the Borrower) shall be on market terms at the time of issuance (as determined in good faith by the Borrower) of such Replacement Term Loans; provided that such Indebtedness (other than Indebtedness consisting of revolving commitments and revolving loans) shall not have the benefit of any financial maintenance covenant unless (x) the Initial Term Loans have the benefit of such financial maintenance covenant on the same terms or (y) the Initial Term Loans have in the future been provided with the benefit of a financial maintenance covenant, in which case such Indebtedness issued after such future date may be provided with the benefit of the same financial maintenance covenant on the same terms.

(e) The Lenders and the Issuing Bank, and all other Secured Parties hereby irrevocably agree that the Liens granted to the Collateral Agent by the Loan Parties on any Collateral shall, at the sole cost and expense of the Borrower, be automatically released (i) upon the occurrence of the Termination Date of this Agreement, (ii) upon the sale or other disposition of such Collateral (as part of or in connection with any other sale or other disposition permitted hereunder) to any Person other than another Loan Party or in connection with the designation of any Restricted Subsidiary as an Unrestricted Subsidiary, to the extent such sale or other disposition is made in compliance with the terms of this Agreement, (iii) to the extent such Collateral is comprised of property leased to a Loan Party, (iv) if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders (or such other percentage of the Lenders whose consent may be required in accordance with this Section 9.02), (v) to the extent such property constitutes Excluded Property, (vi) to the extent the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the applicable Guaranty (in accordance with the following sentence) to the extent such release of a Guarantor is made in compliance with the terms of this Agreement and (vii) as required to effect any sale or other disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Loan Documents. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Loan Parties in respect of all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral except to the extent comprised of Excluded Property or otherwise released in accordance with the provisions of the Loan Documents. Additionally, the Lenders, Issuing Bank, and all other Secured Parties, hereby irrevocably agree that each Subsidiary Loan Party shall be released from the Guarantees upon consummation of any transaction permitted hereunder resulting in such Subsidiary ceasing to constitute a Restricted Subsidiary (or becoming an Excluded Subsidiary). The Lenders, Issuing Bank, and all other Secured Parties, hereby authorize the Administrative Agent and the Collateral Agent, as applicable, to execute and deliver any instruments, documents, and agreements necessary or desirable to evidence and confirm the release of any Loan Party's Guaranty or Collateral pursuant to the foregoing provisions of this paragraph, all without the further consent or joinder of any Lender, Issuing Bank or other Secured Party.

(f) No Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and 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 (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders pursuant to Sections 9.02(b)(v) or 9.02(b)(vi) or each directly and adversely affected Lender pursuant to Sections 9.02(b)(ii) or 9.02(b)(iii) that, by its terms, directly and adversely affects any Defaulting Lender disproportionately in relation to other affected Lenders shall require the consent of such Defaulting Lender.

(g) This Agreement may be amended (or amended and restated) solely with the written consent of the Required Lenders and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders. Further, (x) the LC Sublimit may be increased with the consent of the Required Revolving Lenders, each Issuing Bank and the Administrative Agent and (y) the Swingline Sublimit may be increased with the consent of the Required Revolving Lenders, the Swingline Lender and the Administrative Agent.

(h) Notwithstanding the foregoing, this Agreement and any other Loan Document may be amended solely with the consent of the Administrative Agent and the Borrower without the need to obtain the consent of any other Lender if such amendment is delivered in order to correct or cure (x) ambiguities, errors, omissions, defects, (y) to effect administrative changes of a technical or immaterial nature or (z) incorrect cross references or similar inaccuracies in this Agreement or the applicable Loan Document, in each case and the same is not objected to in writing by the Required Lenders within five Business Days following receipt of notice thereof. Guarantees, collateral documents, security documents, intercreditor agreements, and related documents executed in connection with this Agreement may be in a form reasonably determined by the Administrative Agent or Collateral Agent, as applicable, and may be amended, modified, terminated or waived, and consent to any departure therefrom may be given, without the consent of any Lender if such amendment, modification, waiver or consent is given in order to (x) comply with local law or advice of counsel or (y) cause such guarantee, collateral document, security document or related document to be consistent with or to give effect to or to carry out the purpose of this Agreement and the other Loan Documents. The Borrower and the Administrative Agent may, without the consent of any other Lender, effect amendments to this Agreement and the other Loan Documents as may be necessary in the reasonable opinion of the Borrower and the Administrative Agent to effect the provisions of Sections 2.20, Section 2.21, Section 2.24, Section 2.25 and Section 9.02(d) or (g).

Section 9.03 Expenses; Indemnity; Damage Waiver(a). (a) The Borrower shall pay within 30 days after receipt of reasonably detailed documentation therefor, (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and the Collateral Agent, including the reasonable and documented fees, charges and disbursements of a single counsel for the Agents (in addition to one local counsel in each relevant material jurisdiction to the extent reasonably necessary in connection with due diligence performed in connection with the arrangement of the credit facilities provided for herein, the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and not paid on the Effective Date or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit and (iii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and the Collateral Agent, including the reasonable fees, charges and disbursements of a single counsel for the Administrative Agent, the Collateral Agent, the Issuing Bank, the Lenders, and other Secured Parties (in addition to a single local counsel in each relevant material jurisdiction to the extent reasonably necessary, in connection with the enforcement of any rights under this Agreement or any other Loan Documents, including rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder; provided, the Borrower shall not be obligated to pay for any third party advisors or consultants (in addition to those set forth in the immediately preceding clause (iii)), except following an Event of Default with respect to which the Required Lenders have accelerated the Loans or are pursuing remedies, in which case the Borrower shall pay the reasonable and documented out-of-pocket expenses of one additional advisor to the extent the Borrower has provided its prior written consent (in its sole discretion).

(b) Without duplication of the expense reimbursement obligations pursuant to paragraph (a) above, the Borrower shall indemnify the Administrative Agent, the Collateral Agent, the other Agents, the Lead Arrangers, the Issuing Bank, and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”), against, and hold each Indemnitee harmless from, any and all reasonable and documented out-of-pocket costs, actual losses, claims, damages, liabilities and related expenses, excluding in any event lost profits, but (x) including the reasonable and documented fees, charges and disbursements of a single counsel for the Indemnitees (in addition to one local counsel in each relevant material jurisdiction to the extent reasonably necessary and, in the event a conflict of interest arises, one additional counsel for the conflicted Indemnitees (taken as a whole)) and (y) excluding (i) any allocated costs of in-house counsel and (ii) any third party advisors or consultants (in addition to those set forth in the immediately preceding clause (x)), except in the case of this clause (y)(ii) following an Event of Default with respect to which the Required Lenders have accelerated the Loans or are pursuing remedies, in which case the Borrower shall pay the reasonable and documented out-of-pocket expenses of one additional advisor to the extent the Borrower has provided its prior written consent (in its sole discretion), incurred by or asserted against any Indemnitee by any third party or by the Parent or any Restricted Subsidiary arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated thereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the use of proceeds therefrom and (ii) any actual or alleged presence or Release of Hazardous Materials involving or attributable to the Parent or any of its Restricted Subsidiaries, whether or not any such Indemnitee shall be designated as a party or a potential party thereto and whether or not such matter is initiated by the Parent or any of its respective Affiliates or shareholders, and any fees or expenses incurred by Indemnitees in enforcing this indemnity, in each case, regardless of whether any such Indemnitee is a party thereto or whether such claim, litigation or other proceeding is brought by a third party or by the Borrower or any of its Affiliates (collectively, the “Indemnified Liabilities”), provided that, no Indemnitee will be indemnified (a) for its (or any of its Related Parties,) willful misconduct, bad faith, fraud or gross negligence (to the extent determined in a final non-appealable order of a court of competent jurisdiction), (b) for its (or any of its affiliate’s or any of its officers’, directors’, employees’, agents’, representative’s and controlling persons’) material breach of its or any of its Related Parties’ obligations under the Loan Documents (to the extent determined in a final non-appealable order of a court of competent jurisdiction), (c) for any dispute among Indemnitees that does not involve an act or omission by the Parent or any Subsidiary (other than any claims against an Agent or a Lead Arranger in their capacity as such and subject to clause (a) above), (d) in its capacity as a financial advisor of the Company, the Parent or any of their subsidiaries in connection with the Seattle Acquisition or any other potential acquisition or as a co-investor in the Transactions or any potential acquisition or (e) any settlement effected without Borrower’s prior written consent, but if settled with the Borrower’s prior written consent (not to be unreasonably withheld or delayed) or if there is a final judgment against an Indemnitee in any such proceedings, the Borrower will indemnify and hold harmless each Indemnitee from and against any and all actual losses, claims, damages, liabilities and expenses by reason of such settlement or judgment in accordance with this Section; provided further that (1) Borrower shall not have any obligation to any Indemnitee under this Section 9.03 that is a Defaulting Lender or that is an Indemnitee by virtue of being a Related Party of a Defaulting Lender for any Indemnified Liabilities arising from such Defaulting Lender’s failure to fund its Commitment and (2) to the extent of any amounts paid to an Indemnitee in respect of this Section 9.03 for Indemnified Liabilities, such Indemnitee, by its acceptance of the benefits hereof, agrees to refund and return any and all amounts paid by the Borrower to it if, pursuant to operation of any of the foregoing clauses (a) through (e), such Indemnitee was not entitled to receipt of such amount.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Collateral Agent or the Issuing Bank under paragraph (a) or (b) of this Section, and without limiting the Borrower's obligation to do so, each Lender severally agrees to pay to the Administrative Agent, the Collateral Agent or the Issuing Bank, 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) of such unpaid amount, 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, the Collateral Agent or the Issuing Bank in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon (i) in the case of unpaid amounts owing to the Administrative Agent, its share of the aggregate Revolving Exposures, outstanding Term Loans and unused Commitments at the time and (ii) in the case of unpaid amounts owing to the Issuing Bank, its share of the aggregate Revolving Exposure and unused Revolving Commitments at such time. The obligations of the Lenders under this paragraph (c) are subject to the last sentence of Section 2.02(a) (which shall apply mutatis mutandis to the Lenders' obligations under this paragraph (c)).

(d) To the extent permitted by applicable law, none of the Parent, Holdco, the Borrower, any Agent, any Lender, the Issuing Bank, any other party hereto or any Indemnitee shall assert, and each such Person hereby waives and releases, any claim against any other such Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, arising out of, as a result of, or in any way related to, this Agreement or any or any agreement or instrument contemplated hereby or referred to herein, the transactions contemplated hereby or thereby, or any act or omission or event occurring in connection therewith, and each such Person further agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor; provided that the foregoing shall in no event limit the Borrower's indemnification obligations under clause (b) above to the extent such special, indirect, consequential or punitive damages are included in any third-party claim in connection with which such Indemnitee is otherwise entitled to indemnification hereunder.

(e) In case any proceeding is instituted involving any Indemnitee for which indemnification is to be sought hereunder by such Indemnitee, then such Indemnitee will promptly notify the Borrower of the commencement of any proceeding; provided, however, that the failure to do so will not relieve the Borrower from any liability that it may have to such Indemnitee hereunder, except to the extent that the Borrower is materially prejudiced by such failure. Notwithstanding the above, following such notification, the Borrower may elect in writing to assume the defense of such proceeding, and, upon such election, the Borrower will not be liable for any legal costs subsequently incurred by such Indemnitee (other than reasonable costs of investigation and providing evidence) in connection therewith, unless (i) the Borrower has failed to provide counsel reasonably satisfactory to such Indemnitee in a timely manner, (ii) counsel provided by the Borrower reasonably determines its representation of such Indemnitee would present it with a conflict of interest or (iii) the Indemnitee reasonably determines that there are actual conflicts of interest between the Borrower and the Indemnitee, including situations in which there may be legal defenses available to the Indemnitee which are different from or in addition to those available to the Borrower.

(f) Notwithstanding anything to the contrary in this Agreement, no party hereto or any Indemnitee shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems (including IntraLinks or SyndTrak Online), in each case, except to the extent any such damages are found in a final non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of, or material breach of this Agreement or the other Loan Documents by, such Indemnitee (or its officers, directors, employees, Related Parties or Affiliates).

(g) Except to the extent otherwise expressly provided herein, all amounts due under this Section shall be payable within 30 days after receipt of reasonably detailed documentation therefor.

(h) This Section 9.03 shall not apply to Taxes, except for Taxes which represent costs, losses, claims, etc. with respect to a non-Tax claim.

Section 9.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) except as otherwise permitted herein, the Borrower may not assign or otherwise transfer any of their rights or obligations hereunder without the prior written consent of each Lender (and any such attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section (and any attempted assignment or transfer by such Lender otherwise 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 (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (solely to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the express conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of (A) the Borrower, provided that no consent of the Borrower shall be required for an assignment of all or any portion of a Loan or Commitment to (I) (A) in the case of a Revolving Loan or a Revolving Commitment, to a Revolving Lender, an Affiliate of a Revolving Lender or an Approved Fund of a Revolving Lender and (B) in the case of a Term Loan or Term Commitment only, to a Lender, an Affiliate of a Lender or an Approved Fund of a Lender (as defined below) or (II) if an Event of Default under Sections 7.01(a), 7.01(b), 7.01(h) or 7.01(i) with respect to the Borrower or a Guarantor has occurred and is continuing; provided that the Borrower shall be deemed to have consented to any such assignment unless the Borrower shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after a Responsible Officer having received written notice thereof, (B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Loan or Commitment to a Lender, an Affiliate of a Lender or an Approved Fund or pursuant to Section 2.11(i) and (C) in the case of any assignment of a Revolving Commitment, the Swingline Lender and the Issuing Bank, provided that no consent of the Swingline Lender or such Issuing Bank shall be required for any assignment of a Term Loan or any assignment to any then existing Revolving Lender or to the Parent or any Subsidiary pursuant to Section 2.11(i).

(ii) Assignments shall be subject to the following additional express conditions: (A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, or pursuant to Section 2.11(i), an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 (or, in the case of Commitments or Loans denominated in Euros, €5,000,000) or, in the case of a Term Commitment or a Term Loan, \$1,000,000 (or, in the case of Term Commitments or Term Loans denominated in Euros, €1,000,000) (it being understood and agreed that such minimum amount shall be aggregated for two or more simultaneous assignments by or to two or more Approved Funds), unless the Borrower and the Administrative Agent otherwise consent (such consent not to be unreasonably withheld or delayed), provided that no such consent of Borrower shall be required if an Event of Default under Section 7.01(a), 7.01(b), 7.01(h) or 7.01(i) with respect to the Borrower or a Guarantor has occurred and is continuing, (B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause (B) shall not be construed to prohibit assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans, (C) the parties to each assignment shall (1) execute and deliver to the Administrative Agent an Assignment and Assumption, via an electronic settlement system acceptable to the Administrative Agent or (2) if previously agreed with the Administrative Agent, manually execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 (which fee may be waived or reduced in the sole discretion of the Administrative Agent); provided that such processing and recordation fee shall not be payable in the case of assignments by any Arranger or any Affiliate thereof, provided that assignments made pursuant to Section 2.19 or Section 9.02(c) shall not require the signature of the assigning Lender to become effective and (D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire (in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Loan Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal, state and foreign securities laws) and any tax forms required by Section 2.17(c).

For purposes of paragraph (b) of this Section, the terms “Approved Fund” and “CLO” have the following meanings:

“Approved Fund” means (a) a CLO and (b) with respect to any Lender that is a fund that invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

“CLO” means an entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course and is administered or managed by a Lender or an Affiliate of such Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(v) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Section 2.15, Section 2.16, Section 2.17 and Section 9.03 and to any fees payable hereunder that have accrued for such Lender’s account but have not yet been paid).

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal and related interest amounts of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive absent manifest error, and the Parent, Holdco, the Borrower, the Administrative Agent, the Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and, with respect to its own interests only, any Lender, at any reasonable time and from time to time upon reasonable prior notice. This Section 9.04(b)(iv) shall be construed so that the Loans and unreimbursed LC Disbursements are at all times maintained in “registered form” within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire and any tax forms required by Section 2.17(e), as applicable (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section (to the extent required) and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(vi) The words "execution," "signed," "signature" and words of like import in or related to any document to be signed in connection with this Agreement and the transaction contemplated hereby (including, without limitation, any Assignment and Assumption, amendments or other Borrowing Requests, Swingline Loan Notices, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as an original 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.

(c) Any Lender may, without the consent of the Borrower, the Administrative Agent or the Issuing Bank, sell participations to any Person (other than a natural person, any Defaulting Lender, any Direct Competitor or Disqualified Lender to the extent the lists thereof have been made available to the Lenders) (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it), provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) Holdco, the Borrower, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (D) such Person shall not be entitled to exercise any rights of a Lender under the Loan Documents.

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 the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents, provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (ii), (iii), (v) or (vi) of the first proviso to Section 9.02(b) that directly and adversely affects such Participant. Subject to the paragraph below, the Borrower agrees that each Participant shall be entitled to the benefits of Section 2.15 and Section 2.17 (subject to the limitations and requirements of such Sections, including Section 2.17(e) and Section 2.19) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. 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 this Agreement (the "Participant Register"); provided that no Lender shall have the obligation to disclose all or a portion of the Participant Register (including the identity of the Participant or any information relating to a Participant's interest in any Loans or other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary in connection with a Tax audit or other proceeding to establish that any loans are in registered form for U.S. federal income tax purposes. The entries in the Participant Register shall be conclusive absent manifest error, and the Borrower 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. This Section shall be construed so that the Loan Documents are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code.

A Participant shall not be entitled to receive any greater payment under Section 2.15 or Section 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, except to the extent the right to a greater payment results from a Change in Law after the Participant becomes a Participant or the sale of the participation to such Participant is made with the Borrower's prior written consent.

(d) Any Lender may, without the consent of the Borrower or the Administrative Agent, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank and including any pledge or assignment to any holders of obligations owed, or securities issued, by such Lender (including to any trustee for, or any other representative of, such holders), and this Section shall not apply to any such pledge or assignment of a security interest, provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(e) Notwithstanding anything to the contrary contained herein, any Lender (a “Granting Lender”) may grant to a special purpose funding vehicle organized and administered by such Granting Lender (an “SPV”), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement, provided that (i) nothing herein shall constitute a commitment by any SPV to make any Loan and (ii) if an SPV elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPV hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPV shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPV, such party will not institute against, or join any other person in instituting against, such SPV any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof, provided that each Lender designating any SPV hereby agrees to indemnify and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such SPV during such period of forbearance. In addition, notwithstanding anything to the contrary contained in this Section 9.04, any SPV may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Borrower and Administrative Agent) other than Disqualified Lenders providing liquidity or credit support to or for the account of such SPV to support the funding or maintenance of Loans and (ii) subject to Section 9.13, disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPV other than any Disqualified Lender. The Borrower agrees that each SPV shall be entitled to the benefits of Section 2.15 and Section 2.17 (subject to the limitations and requirements of such Sections, including Section 2.17(e), and Section 2.19) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. An SPV shall not be entitled to receive any greater payment under Section 2.15 or Section 2.17 than the applicable Granting Lender would have been entitled to receive with respect to the interest granted to such SPV, except to the extent the grant to such SPV is made with the Borrower’s prior written consent.

(f) No such assignment shall be made (A) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (A), or (B) to a natural person.

(g) 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 express 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 or any Lender hereunder (and interest accrued thereon) and (y) except with respect to the assignment of Revolving Loans or Revolving Commitments to Parent and its Subsidiaries, acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Applicable 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.

(h) Disqualified Lenders and Direct Competitors. The Parent, on behalf of itself and its Affiliates, the Borrower and the Lenders, expressly acknowledge that the Administrative Agent (in its capacity as such or as an arranger, bookrunner or other agent hereunder) shall not have any obligation to monitor, ascertain or inquire whether assignments or participations are made to Disqualified Lenders, Direct Competitors or Excluded Affiliates or enforce provisions with respect thereto or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, to any Disqualified Lender, Direct Competitor or Excluded Affiliate.

Section 9.05 Survival. All representations and warranties made by the Loan Parties in the other Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to any Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder.

Section 9.06 Counterparts; Integration. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Parent, Holdco or the Borrower, the Administrative Agent, nor any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or electronic transmission (including Adobe pdf file) shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 9.07 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 9.07, 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 or the Issuing Bank, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

Section 9.08 Right of Setoff.

If an Event of Default shall have occurred and be continuing, each Lender and Issuing Bank is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Administrative Agent and the Required Lenders, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency, but not any tax accounts, trust accounts, withholding or payroll accounts) at any time held and other obligations (in whatever currency) at any time owing by such Lender or an Issuing Bank to or for the credit or the account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing under this Agreement held by such Lender or the Issuing Bank, but only to the extent then due and payable; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (i) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.22 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 and the Lenders and (ii) 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 and the Issuing Bank under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or Issuing Bank may have. Each Lender and the Issuing Bank agree promptly to notify the Borrower and the Administrative Agent of such setoff and application made by such Lender, provided that any failure to give or any delay in giving such notice shall not affect the validity of any such setoff and application under this Section.

Section 9.09 Governing Law; Jurisdiction; Consent to Service of Process.

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

(b) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court 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, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Notwithstanding the foregoing, nothing in any Loan Document shall affect any right that the Administrative Agent, the Collateral Agent or any Lender may otherwise have to bring any action or proceeding relating to any Loan Document against the Parent, Holdco, the Borrower or their respective properties in the courts of any jurisdiction.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to any Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in any Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law. Each of the Parent and Holdco agrees that service of process in any action or proceeding brought in the State of New York may be made upon the Borrower, and each of the Parent and Holdco confirms and agrees that the Borrower has been duly and irrevocably appointed as its agent and true and lawful attorney-in-fact in its name, place and stead to accept such service. Nothing herein shall in any way be deemed to limit the ability of any Agent to serve any such process in any other manner permitted by applicable law or to obtain jurisdiction over each of the Parent and Holdco in such other jurisdictions, and in such manner, as may be permitted by applicable law.

Section 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 9.12**Confidentiality.**

Each of the Administrative Agent, the other Agents, the Issuing Bank and the Lenders agrees to keep confidential, and not to publish, disclose or otherwise divulge, the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors on a "need to know" basis (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential, provided that the relevant Lender shall be responsible for such compliance and non-compliance), (b) to the extent requested by any bank regulatory authority having jurisdiction over the Administrative Agent, any other Agent, the Issuing Bank, the Swingline Lender and/or the Lenders, as applicable, provided that, other than in connection with any audit or examination conducted by bank accountants or any governmental, regulatory or self-regulatory authority exercising examination or regulatory authority, prior notice shall have been given to the Borrower, to the extent permitted by applicable laws or regulations, (c) to the extent required by (i) any order of any court or administrative agency having jurisdiction over the Administrative Agent, any other Agent, the Issuing Bank and/or the Lenders, as applicable, (ii) any pending legal judicial or administrative proceeding with the power to bind the Administrative Agent, any other Agent, the Issuing Bank and/or the Lenders, as applicable, and (iii) applicable laws or regulations or by any compulsory legal process, provided that, other than in connection with any audit or examination conducted by bank accountants or any governmental, regulatory or self-regulatory authority exercising examination or regulatory authority, the Administrative Agent, any other Agent, the Issuing Bank and/or the Lenders, as applicable, shall use commercially reasonable efforts to give prior notice to the Borrower, to the extent permitted by applicable laws or regulations, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to any Loan Document or the enforcement of rights thereunder, including establishing any defense under applicable securities laws, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, in each case, except to any Direct Competitor or Disqualified Lender to the extent that a list thereof is made available to the Lenders, or (ii) any actual or prospective Lender Counterparty to any Secured Swap Agreement relating to any Loan Party and its obligations under the Loan Documents, in each case, except to any Direct Competitor or Disqualified Lender, (g) with the written consent of the Borrower, (h) to the extent such Information (I) becomes publicly available other than as a result of a breach of this Section or (II) becomes available to the Administrative Agent, any other Agent, an Issuing Bank or any Lender on a nonconfidential basis from a source other than the Parent, Holdco or the Borrower (provided that the source is not actually known (after due inquiry) by such disclosing party to be bound by an agreement containing provisions substantially the same as those contained in this confidentiality provision), (i) on a confidential basis in consultation with the Borrower (x) to the extent the Borrower has failed to comply with Section 5.15, to any rating agency in connection with rating the Parent, Holdco or the Borrower or the facilities hereunder or (y) to the CUSIP Service Bureau, Clearpar or Loanserv or any similar agency, solely to the extent such information is necessary in connection with the issuance and monitoring of CUSIP numbers, settlement of assignments or other general administrative functions with respect to the facilities or (j) to the extent independently developed by such the Administrative Agent, other Agent, Issuing Bank, Swingline Lender and/or Lender, as applicable, without reliance on confidential information or any other information available as a result of a breach of confidentiality obligations.. For the purposes of this Section the term "Information" means all information received from or on behalf of the Parent, Holdco or the Borrower or any of their Subsidiaries relating to the Parent, Holdco or the Borrower or any of their Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any other Agent, the Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by, and from a source other than, the Parent, Holdco or the Borrower or any of their Subsidiaries that to the disclosing party's knowledge (after due inquiry) is not in violation of any confidentiality obligation owed to the Parent, Holdco or the Borrower or any of their Subsidiaries.

Each Lender acknowledges that Information furnished to it pursuant to this Agreement may include material non-public information concerning the Loan Parties and their respective Related Parties or their respective securities, and confirms that it has developed compliance procedures regarding the use of material non-public information and that it will handle such material non-public information in accordance with those procedures and applicable law, including Federal and state securities laws.

All Information, including requests for waivers and amendments, furnished by the Borrower or the Administrative Agent pursuant to, or in the course of administering, this Agreement will be syndicate-level Information, which may contain material non-public information about the Loan Parties and their respective Related Parties or their respective securities. Accordingly, each Lender represents to the Borrower and the Administrative Agent that it has identified in its Administrative Questionnaire a credit contact who may receive Information that may contain material non-public information in accordance with its compliance procedures and applicable law.

Section 9.13 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan or participation in any LC Disbursement, together with all fees, charges and other amounts that are treated as interest on such Loan or LC Disbursement or participation therein under applicable law (collectively, the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan or LC Disbursement or participation therein in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan or LC Disbursement or participation therein but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or LC Disbursement or participation therein or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

Section 9.14 USA Patriot Act. Each Lender and Issuing Bank that is subject to the Patriot Act (as hereinafter defined) 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 (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Patriot Act”), it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow such Lender, such Issuing Bank or the Administrative Agent, as applicable, to identify the Loan Parties in accordance with the Patriot Act.

Section 9.15 Direct Website Communication. Each of the Parent and the Borrower may, at its option, provide to the Administrative Agent any information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials (all such communications being referred to herein collectively as “Communications”), by (i) posting such documents, or providing a link thereto, on the Parent’s or the Borrower’s website, (ii) such documents being posted on the Parent’s and/or the Borrower’s behalf on an Internet or Intranet website, if any, to which the Administrative Agent has access (whether a commercial third-party website or a website sponsored by the Administrative Agent) or (iii) by transmitting the Communications in an electronic/soft medium to the Administrative Agent at an email address provided by the Administrative Agent from time to time; provided that (i) promptly following written request by the Administrative Agent, the Borrower shall continue to deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents. Each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such documents from the Administrative Agent and maintaining its copies of such documents. Nothing in this Section 9.15 shall prejudice the right of the Parent, Holdco, the Borrower, the Administrative Agent, any other Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address in Section 9.01 shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees (A) to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and (B) that the foregoing notice may be sent to such e-mail address. 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), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, 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.

Each of the Parent, Holdco, the Borrower, the Administrative Agent and the Issuing Bank and the Swingline Lender may change its address, electronic email address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, electronic email address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower, the Administrative Agent and the Issuing Bank and the Swingline 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, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

Section 9.16 Intercreditor Agreement Governs. Each Lender and Agent (a) hereby agrees that it will be bound by and will take no actions contrary to the provisions of the Pari Passu Intercreditor Agreement any other intercreditor agreement or subordination agreement entered into pursuant to the terms hereof, (b) hereby authorizes and instructs the Administrative Agent and the Collateral Agent to enter into the Pari Passu Intercreditor Agreement and each other intercreditor agreement or subordination agreement and any other intercreditor agreement or subordination agreement entered into pursuant to the terms hereof and to subject the Liens securing the Secured Obligations to the provisions thereof and (c) hereby authorizes and instructs the Administrative Agent and the Collateral Agent to enter into the Pari Passu Intercreditor Agreement and any other intercreditor agreement or subordination agreement that includes, or to amend the Pari Passu Intercreditor Agreement any then existing intercreditor agreement or subordination agreement to provide for, the terms described in the definition of the terms "Permitted First Priority Replacement Debt" or "Permitted Second Priority Replacement Debt" or other "First Lien Senior Secured Note" or the Collateral Agent, as applicable or as otherwise provided for by the terms of this Agreement; provided that in each case, such intercreditor agreement is substantially consistent with the terms set forth on Exhibit K-1 or K-2 annexed hereto together with (A) any immaterial changes and (B) changes implementing additional extensions of credit permitted under this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent and/or Collateral Agent (it being understood that junior Liens are not required to be pari passu with other junior Liens, and that Indebtedness secured by junior Liens may be secured by Liens that are pari passu with, or junior in priority to, other Liens that are junior to the Liens securing the Obligations).

Section 9.17

Judgment Currency.

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrower in respect of any such sum due from it to the Administrative Agent or the Lenders hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the “Judgment Currency”) other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the “Agreement Currency”), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or the relevant Lender of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or the relevant Lender may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or such Lender from the Borrower in the Agreement Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent, or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or such Lender in such currency, the Administrative Agent or such Lender agrees to return the amount of any excess to the Borrower (or to any other Person who may be entitled thereto under applicable law).

Section 9.18

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 Borrower and the Parent acknowledges and agrees, and acknowledges its Affiliates’ understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the other Agents and the Lead Arrangers and the making of the Loans and Commitments by the Lenders are arm’s-length commercial transactions between the Borrower, the Parent and their respective Affiliates, on the one hand, and the Administrative Agent, the other Agents and the Lead Arrangers, on the other hand, (B) each of the Borrower and the Parent has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Borrower and the Parent is capable of evaluating, and understands and accepts, the terms, risks and express conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent, each other Agent, each Lead 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 Borrower, the Parent or any of their respective Affiliates, or any other Person and (B) none of the Administrative Agent, any other Agent, any Lead Arranger or any Lender has any obligation to the Borrower, the Parent or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the other Agents, the Lead Arrangers and the Lenders their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the Parent and their respective Affiliates, and none of the Administrative Agent, any other Agent, any Lead Arrangers or any Lender has any obligation to disclose any of such interests to the Borrower, the Parent or any of their respective Affiliates. To the fullest extent permitted by law, the Borrower and the Parent each hereby waive and release any claims that it may have against the Administrative Agent, the other Agents, the Lead Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 9.20 Acknowledgment and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender party hereto that is an EEA 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 EEA Financial Institution, its parent undertaking, 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 any EEA Resolution Authority.

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EXTENSION OFFER AND AMENDMENT NO. 2 TO CREDIT AGREEMENT

dated as of September 2, 2020,

among

MICRO FOCUS INTERNATIONAL PLC,
as Parent

MICRO FOCUS GROUP LIMITED,
as Holdco,

MA FINANCECO., LLC,
as Borrower,

The Revolving Lenders Party Hereto,

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Collateral Agent

JPMORGAN CHASE BANK, N.A.,
BARCLAYS BANK PLC,
CITIBANK, N.A.,
HSBC UK BANK PLC,
NATIONAL WESTMINSTER BANK PLC,
BANK OF AMERICA, N.A., LONDON BRANCH,
GOLDMAN SACHS BANK USA
as Joint Lead Arrangers and Joint Lead Bookrunners,

EXTENSION OFFER AND AMENDMENT NO. 2 TO CREDIT AGREEMENT, dated as of September 2, 2020 (this “Amendment”), by and among MICRO FOCUS INTERNATIONAL PLC, a company organized under the laws of England and Wales (the “Parent”), MICRO FOCUS GROUP LIMITED, a company organized under the laws of England and Wales (“Holdco”), MA FINANCECO., LLC, a Delaware limited liability company (the “Borrower”) and the Revolving Lenders party hereto (constituting all Revolving Lenders under the Existing Credit Agreement (as defined below) on the date hereof), the Swingline Lender and the Issuing Bank and acknowledged by JPMorgan Chase Bank, N.A., as administrative agent and collateral agent for the Lenders (in such capacity, the “Administrative Agent”).

RECITALS:

WHEREAS, reference is hereby made to the Credit Agreement, dated as of August 31, 2017 and as amended by that certain Amendment No. 1 to Credit Agreement, dated as of June 5, 2020 and as further amended, supplemented or otherwise modified from time to time prior to the date hereof, the “Existing Credit Agreement”), among the Parent, Holdco, the Borrower, the Administrative Agent, each lender from time to time party thereto, and the other parties thereto (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Existing Credit Agreement, as amended by this Amendment (the “Amended Credit Agreement”);

WHEREAS, subject to the terms and conditions of this Amendment and the Existing Credit Agreement, and pursuant to Section 2.08 and Section 2.24 of the Existing Credit Agreement, the Borrower has requested that (a) the Revolving Lenders extend the Revolving Maturity Date applicable to outstanding Revolving Commitments (including the Revolving Commitments attributable to the LC Sublimit) in an aggregate principal amount of \$350,000,000 to June 21, 2024, which such Extended Revolving Commitments shall constitute a separate Class from the Revolving Commitments from which they were converted, (b) following such extension, the remaining outstanding Revolving Commitments (the “Non-Extended Revolving Commitments”) be terminated and (c) the Existing Credit Agreement be amended to reflect such extension and termination and the terms thereof and the other agreements hereunder;

WHEREAS, the Revolving Lenders are willing to so extend the Revolving Maturity Date applicable to their respective Revolving Commitments (including Revolving Commitments attributable to the LC Sublimit) as specified on Schedule A hereto and amend the Existing Credit Agreement subject to the terms and conditions of this Amendment and the Existing Credit Agreement;

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

1. **Extension.** Pursuant to Section 2.24 of the Existing Credit Agreement, subject to the terms and the conditions set forth in this Amendment, the Revolving Lenders hereby agree to extend the Revolving Maturity Date applicable to their respective Revolving Commitments (including Revolving Commitments attributable to the LC Sublimit) as specified on Schedule A hereto to June 21, 2024, such extension to be effective simultaneously with the effectiveness of the amendment to the Existing Credit Agreement set forth in Section 3 of this Amendment. This Amendment shall constitute (a) each Extension Offer required to be made by the Borrower to all Revolving Lenders pursuant to Section 2.24 of the Existing Credit Agreement, (b) the acceptance of each such Extension Offer by each Revolving Lender pursuant to Section 2.24 of the Existing Credit Agreement and (c) the acknowledgement of prior written notice from the Borrower to the Administrative Agent in connection with the Extension in satisfaction of Section 2.24(d).
2. **Termination of Non-Extended Revolving Commitments.** The Borrower hereby voluntarily requests that, pursuant to and as permitted by Section 2.08 of the Existing Credit Agreement, the Non-Extended Revolving Commitments existing on the Second Amendment Effective Date (as defined below) be terminated (the “2020 Non-Extended Revolving Commitments Termination”) immediately following the Second Amendment Effective Date.

3. **Credit Agreement Amendment.**

- (a) Effective as of the Second Amendment Effective Date, Section 1.01 of the Existing Credit Agreement is hereby amended by the deletion of “the fifth anniversary of the Effective Date” and its replacement with “June 21, 2024” in clause (ii) of the definition of “**Revolving Maturity Date**”;
- (b) Schedule 2.01 to the Existing Credit Agreement is, effective immediately after the 2020 Non-Extended Revolving Commitments Termination, hereby replaced in its entirety with the table attached as Schedule A hereto (for the avoidance of doubt, all other schedules to the Existing Credit Agreement will remain in full force and effect in the form attached to the Existing Credit Agreement on the Closing Date);

4. **Revolving Lender Waiver.** The Revolving Lenders hereby waive the requirement that the Borrower notify the Administrative Agent of its election to terminate the Non-Extended Revolving Commitments in accordance with Section 2.08 of the Existing Credit Agreement. Subject to Section 9 of this Amendment, the waiver set forth in this Section 4 shall become effective upon the satisfaction (or waiver by the Administrative Agent and the Revolving Lenders) of the conditions set forth in Section 5 hereof.

5. **Effective Date Conditions.** Each of (i) the extension of the Revolving Commitments set forth in Section 1 hereof and (ii) the amendment set forth in Section 3 hereof shall become effective on the date (the “Second Amendment Effective Date”) on which each of the following conditions have been satisfied (or waived) in accordance with the terms therein:

- (a) this Amendment shall have been (A) executed and delivered by (i) Parent, Holdco and the Borrower, (ii) each of the Revolving Lenders, (iii) the Swingline Lender and (iv) the Issuing Bank and (B) acknowledged and delivered by the Administrative Agent;
- (b) delivery to the Administrative Agent of (A) a customary written opinion of Kirkland & Ellis LLP, in its capacity as New York counsel for the Loan Parties, dated as of the Second Amendment Effective Date and addressed to the Administrative Agent, the Collateral Agent and each of the Lenders and (B) a customary officer’s certificate of each of the Borrower, Parent and Holdco with respect to (w) organizational documents (which may be in the form of a certification from each of the Borrower, Parent and Holdco that there have been no changes from the organizational documents previously delivered to the Administrative Agent), (x) resolutions, (y) incumbency and (z) in the case of the Borrower, certifying that the conditions set forth in Section 5(d) and (e) hereof have been satisfied;
- (c) the Administrative Agent and the Lenders shall have received, in immediately available funds, payment or reimbursement of all fees (including, for the avoidance of doubt, the Amendment Fee), reasonable out-of-pocket expenses (including the reasonable and documented fees, charges and disbursements of Cahill Gordon & Reindel LLP, as counsel for the Administrative Agent and the Revolving Lenders), compensation and other amounts then due and required to be paid in connection with this Amendment, in each case, to the extent invoiced at least three (3) Business Days prior to the Second Amendment Effective Date;
- (d) each of the representations and warranties of the Borrower contained in Section 6 hereof shall be true and correct in all material respects on and as of the Second Amendment Effective Date (or true and correct in all material respects as of a specified date if earlier);
- (e) immediately prior to and immediately after giving effect to the Amendment, no Default or Event of Default shall have occurred and be continuing;

For purposes of determining whether the conditions set forth in this Section 5 have been satisfied, by releasing its signature page hereto, the Administrative Agent and each Revolving Lender party hereto shall be deemed to have consented to, approved, accepted or be satisfied with each document or other matter required hereunder to be consented to or approved by, or acceptable or satisfactory to, the Administrative Agent or such Revolving Lender, as the case may be.

6. **Amendment Fee.** In connection with, and in consideration of the agreements contained in this Amendment, the Borrower agrees to pay to the Administrative Agent, for the ratable benefit of the Revolving Lenders, a fee equal to 0.50% of the Revolving Commitments immediately following the Second Amendment Effective Date (the “Amendment Fee”), which shall, for the avoidance of doubt, take into account the 2020 Non-Extended Revolving Commitments Termination. The Amendment Fee is fully earned and payable on the date hereof in immediately available funds, and shall be paid (and once paid shall be non-refundable) on the Second Amendment Effective Date.
7. **Representations and Warranties.** Each of the Parent, Holdco and the Borrower hereby represents and warrants, jointly and severally, that on and as of the Second Amendment Effective Date:
 - (a) the representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects on and as of the Second Amendment Effective Date (or true and correct in all material respects as of a specified date if earlier); and
 - (b) this Amendment has been duly executed and delivered by each Parent, Holdco and the Borrower and constitutes, and the Amended Credit Agreement will constitute, its legal, valid and binding obligation, enforceable against each of Parent, Holdco and the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law and other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinions delivered pursuant hereto.
8. **Effects on Loan Documents.**
 - (a) On and after the effectiveness of this Amendment, each reference in any Loan Document to “the Credit Agreement” shall mean and be a reference to the Amended Credit Agreement and each reference in the Existing Credit Agreement to “this Agreement,” “hereunder,” “hereof” or words of like import shall mean and be a reference to the Amended Credit Agreement.
 - (b) Except as specifically amended herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of the Loan Documents or in any way limit, impair or otherwise affect the rights and remedies of the Administrative Agent or the Lenders under the Loan Documents.
 - (c) Each of the parties hereto acknowledges and agrees that, on and after the Second Amendment Effective Date, this Amendment shall constitute an “Extension Amendment” and a “Loan Document” for all purposes of the Amended Credit Agreement.
9. **Reaffirmation of the Loan Parties.** Each of Parent, Holdco and the Borrower hereby confirms that each other Loan Party consents to the amendment of the Existing Credit Agreement effected hereby and that each Loan Party hereby confirms and agrees that, notwithstanding the effectiveness of this Amendment, each Loan Document to which any Loan Party is a party is, and the obligations of such Loan Party contained in the Existing Credit Agreement, this Amendment or in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case as amended by this Amendment. For greater certainty and without limiting the foregoing, each Parent, Holdco and the Borrower hereby confirms that each Loan Party confirms that (i) the Guarantees shall continue in full force and effect and are hereby reaffirmed and (ii) the existing security interests granted by such Loan Party in favor of the Collateral Agent for the benefit of the Secured Parties pursuant to the Loan Documents in the Collateral described therein shall continue to secure the Obligations of the Loan Parties under the Amended Credit Agreement and the other Loan Documents as and to the extent provided in the Loan Documents.

10. **Amendment, Modification and Waiver.** This Amendment may not be amended, modified or waived except as permitted by Section 9.02 of the Existing Credit Agreement.
11. **GOVERNING LAW.** THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.
12. **Severability.** Any provision of this Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.
13. **Counterparts; Integration.** This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Loan Parties, the Administrative Agent, nor any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or electronic transmission (including Adobe pdf file) shall be effective as delivery of a manually executed counterpart of this Amendment.
14. **WAIVER OF JURY TRIAL.** EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

[signature pages to follow]

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Amendment as of the date first set forth above.

MICRO FOCUS INTERNATIONAL PLC., as Parent

By: /s/ Brian McArthur-Muscroft
Name: Brian McArthur-Muscroft
Title: Director

MICRO FOCUS GROUP LIMITED, as Holdco

By: /s/ Jane Smithard
Name: Jane Smithard
Title: Director

MA FINANCECO., LLC, as Borrower

By: /s/ Aaron Yurowitz
Name: Aaron Yurowitz
Title: President

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By: /s/ Baltizar Lam

Name: Baltizar Lam

Title: Vice President

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BARCLAYS BANK PLC,
as a Revolving Lender

By: /s/ Sinead Harris
Name: Sinead Harris
Title: Managing Director

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BANK OF AMERICA, N.A.,
as a Revolving Lender

By: /s/ David H. Strickert

Name: David H. Strickert

Title: Managing Director

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By: /s/ Rebecca Kratz
Name: Rebecca Kratz
Title: Authorized Signatory

Amendment No. 2 Signature Page]

HSBC UK BANK PLC,
as a Revolving Lender

By: /s/ Alison Barry
Name: Alison Barry
Title: Associate Director

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By: /s/ Jonny Wright

Name: Jonny Wright

Title: Head of Regional Structured Finance, South

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Acknowledged by:

JPMORGAN CHASE BANK, N.A., as Administrative Agent and Collateral Agent

By: /s/ Fatma Mustafa
Name: Authorised Signatory
Fatma Mustafa
Title: Vice President

Amendment No. 2 Signature Page]

Schedule A

Revolving Commitments

Revolving Lender	Revolving Commitment
JPMorgan Chase Bank, N.A.	\$105,000,000
HSBC UK Bank plc	\$85,000,000
National Westminster Bank plc	\$50,000,000
Barclays Bank PLC	\$50,000,000
Bank of America, N.A.	\$35,000,000
Goldman Sachs Bank USA	\$25,000,000
Total	\$350,000,000

Section 302 Certificate

CERTIFICATION

I, Stephen Murdoch, certify that:

1. I have reviewed this annual report on Form 20-F of Micro Focus International plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 22, 2021

/s/ Stephen Murdoch

Name: Stephen Murdoch

Title: Chief Executive Officer

Section 302 Certificate

CERTIFICATION

I, Brian McArthur-Muscroft, certify that:

1. I have reviewed this annual report on Form 20-F of Micro Focus International plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 22, 2021

/s/ Brian McArthur-Muscroft

Name: Brian McArthur-Muscroft

Title: Chief Financial Officer

CERTIFICATION
PURSUANT TO 18 U.S.C.
SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF
2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (pursuant 18 U.S.C Section 1350), the undersigned officer of Micro Focus International plc, a public limited company incorporated under English law, does hereby certify that to the best of such officer's knowledge, that:

1. the annual report on Form 20-F for the period ended October 31, 2020 of Micro Focus International plc fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in this annual report fairly presents, in all material respects, the financial condition and results of operations of Micro Focus International plc.

Date: February 22, 2021

/s/ Stephen Murdoch

Name: Stephen Murdoch
Title: Chief Executive Officer

CERTIFICATION
PURSUANT TO 18 U.S.C.
SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF
2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (pursuant 18 U.S.C Section 1350), the undersigned officer of Micro Focus International plc, a public limited company incorporated under English law, does hereby certify that to the best of such officer's knowledge, that:

1. the annual report on Form 20-F for the period ended October 31, 2020 of Micro Focus International plc fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in this annual report fairly presents, in all material respects, the financial condition and results of operations of Micro Focus International plc.

Date: February 22, 2021

/s/ Brian McArthur-Muscroft

Name: Brian McArthur-Muscroft
Title: Chief Financial Officer

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Micro Focus International plc:

We consent to the incorporation by reference in the registration statements (No. 333-252941, No. 333-228207 and No. 333-220291) on Form S-8 of Micro Focus International plc of our reports dated February 22, 2021, with respect to the Consolidated statements of financial position of Micro Focus International plc as of October 31, 2020 and 2019, the related Consolidated statements of comprehensive income, changes in equity, and cash flows for the twelve month periods ended October 31, 2020 and 2019 and the eighteen month period ended October 31, 2018, and the related notes, and the effectiveness of internal control over financial reporting as of October 31, 2020, which reports appear in the October 31, 2020 Annual Report on Form 20-F of Micro Focus International plc.

Our report dated February 22, 2021, on the effectiveness of internal control over financial reporting as of October 31, 2020, expresses our opinion that Micro Focus International plc did not maintain effective internal control over financial reporting as of October 31, 2020 because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states that the material weakness relates to deficient controls surrounding existing IT applications in particular regarding the change management and access controls. As a result of those deficiencies, automated controls and controls over information produced by the entity related to those IT applications could not be relied upon. In aggregate, these deficiencies impact all financial reporting processes and constitute a material weakness.

Also, our report dated February 22, 2021, on the Consolidated financial statements, contains an explanatory paragraph that refers to a change in the method of accounting for leases due to the adoption of IFRS 16, Leases.

/s/ KPMG LLP
London, United Kingdom
February 22, 2021
