
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended June 30, 2018

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-671

GRAHAM HOLDINGS COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

1300 North 17th Street, Arlington, Virginia
(Address of principal executive offices)

53-0182885

(I.R.S. Employer
Identification No.)

22209
(Zip Code)

(703) 345-6300

(Registrant's telephone number, including area code)

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

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

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

Shares outstanding at July 27, 2018:

Class A Common Stock – 964,001 Shares
Class B Common Stock – 4,382,549 Shares

GRAHAM HOLDINGS COMPANY
Index to Form 10-Q

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements	
	a. Condensed Consolidated Statements of Operations (Unaudited) for the Three and Six Months Ended June 30, 2018 and 2017	1
	b. Condensed Consolidated Statements of Comprehensive Income (Unaudited) for the Three and Six Months Ended June 30, 2018 and 2017	2
	c. Condensed Consolidated Balance Sheets at June 30, 2018 (Unaudited) and December 31, 2017	3
	d. Condensed Consolidated Statements of Cash Flows (Unaudited) for the Six Months Ended June 30, 2018 and 2017	4
	e. Notes to Condensed Consolidated Financial Statements (Unaudited)	5
Item 2.	Management's Discussion and Analysis of Results of Operations and Financial Condition	30
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	39
Item 4.	Controls and Procedures	39
PART II. OTHER INFORMATION		
Item 1A.	Risk Factors	40
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	40
Item 6.	Exhibits	41
	Signatures	42

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Operating Revenues	\$ 672,677	\$ 676,087	\$ 1,332,113	\$ 1,258,804
Operating Costs and Expenses				
Operating	440,655	381,747	805,806	707,434
Selling, general and administrative	141,378	208,973	366,423	434,262
Depreciation of property, plant and equipment	13,619	15,871	28,261	30,523
Amortization of intangible assets	11,399	10,531	21,783	17,367
Impairment of goodwill and other long-lived assets	—	9,224	—	9,224
	607,051	626,346	1,222,273	1,198,810
Income from Operations	65,626	49,741	109,840	59,994
Equity in earnings of affiliates, net	931	1,331	3,510	1,980
Interest income	1,901	1,173	3,273	2,536
Interest expense	(17,165)	(9,035)	(25,236)	(17,164)
Debt extinguishment costs	(11,378)	—	(11,378)	—
Non-operating pension and postretirement benefit income, net	23,041	18,620	44,427	37,421
Loss on marketable equity securities, net	(2,554)	—	(16,656)	—
Other income, net	2,333	4,069	11,520	4,918
Income Before Income Taxes	62,735	65,899	119,300	89,685
Provision for Income Taxes	16,100	23,900	29,700	26,600
Net Income	46,635	41,999	89,600	63,085
Net Income Attributable to Noncontrolling Interests	(69)	(3)	(143)	(3)
Net Income Attributable to Graham Holdings Company Common Stockholders	\$ 46,566	\$ 41,996	\$ 89,457	\$ 63,082
Per Share Information Attributable to Graham Holdings Company Common Stockholders				
Basic net income per common share	\$ 8.69	\$ 7.51	\$ 16.52	\$ 11.29
Basic average number of common shares outstanding	5,325	5,539	5,380	5,537
Diluted net income per common share	\$ 8.63	\$ 7.46	\$ 16.40	\$ 11.21
Diluted average number of common shares outstanding	5,362	5,577	5,417	5,573

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Net Income	\$ 46,635	\$ 41,999	\$ 89,600	\$ 63,085
Other Comprehensive (Loss) Income, Before Tax				
Foreign currency translation adjustments:				
Translation adjustments arising during the period	(31,167)	9,638	(19,603)	23,306
Unrealized gains on available-for-sale securities:				
Unrealized gains for the period, net	—	13,976	—	23,534
Pension and other postretirement plans:				
Amortization of net prior service cost included in net income	70	120	146	240
Amortization of net actuarial gain included in net income	(3,294)	(1,568)	(4,661)	(3,391)
	(3,224)	(1,448)	(4,515)	(3,151)
Cash flow hedge gain (loss)	371	(19)	607	(143)
Other Comprehensive (Loss) Income, Before Tax	(34,020)	22,147	(23,511)	43,546
Income tax benefit (expense) related to items of other comprehensive (loss) income	799	(5,008)	1,102	(8,125)
Other Comprehensive (Loss) Income, Net of Tax	(33,221)	17,139	(22,409)	35,421
Comprehensive Income	13,414	59,138	67,191	98,506
Comprehensive income attributable to noncontrolling interests	(69)	(3)	(143)	(3)
Total Comprehensive Income Attributable to Graham Holdings Company	\$ 13,345	\$ 59,135	\$ 67,048	\$ 98,503

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	As of	
	June 30, 2018	December 31, 2017
	(Unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	\$ 288,593	\$ 390,014
Restricted cash	14,148	17,552
Investments in marketable equity securities and other investments	474,110	557,153
Accounts receivable, net	563,580	620,319
Income taxes receivable	—	23,901
Inventories and contracts in progress	76,005	60,612
Other current assets	78,721	66,253
Total Current Assets	1,495,157	1,735,804
Property, Plant and Equipment, Net	265,502	259,358
Investments in Affiliates	133,550	128,590
Goodwill, Net	1,280,357	1,299,710
Indefinite-Lived Intangible Assets	100,444	102,195
Amortized Intangible Assets, Net	236,597	237,976
Prepaid Pension Cost	1,090,509	1,056,777
Deferred Income Taxes	15,367	15,367
Deferred Charges and Other Assets	113,450	102,046
Total Assets	\$ 4,730,933	\$ 4,937,823
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 457,300	\$ 526,323
Deferred revenue	248,437	339,454
Income taxes payable	10,463	6,109
Mandatorily redeemable noncontrolling interest	16,500	—
Current portion of long-term debt	6,553	6,726
Dividends declared	7,134	—
Total Current Liabilities	746,387	878,612
Postretirement Benefits Other Than Pensions	21,359	20,865
Accrued Compensation and Related Benefits	178,571	193,024
Other Liabilities	60,716	65,977
Deferred Income Taxes	362,986	362,701
Mandatorily Redeemable Noncontrolling Interest	—	10,331
Long-Term Debt	478,774	486,561
Total Liabilities	1,848,793	2,018,071
Redeemable Noncontrolling Interest	4,750	4,607
Preferred Stock	—	—
Common Stockholders' Equity		
Common stock	20,000	20,000
Capital in excess of par value	374,502	370,700
Retained earnings	6,061,932	5,791,724
Accumulated other comprehensive income (loss), net of tax		
Cumulative foreign currency translation adjustment	(13,289)	6,314
Unrealized gain on available-for-sale securities	—	194,889
Unrealized gain on pensions and other postretirement plans	331,238	334,536
Cash flow hedge	308	(184)
Cost of Class B common stock held in treasury	(3,897,301)	(3,802,834)
Total Equity	2,877,390	2,915,145
Total Liabilities and Equity	\$ 4,730,933	\$ 4,937,823

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Six Months Ended June 30	
	2018	2017
Cash Flows from Operating Activities		
Net Income	\$ 89,600	\$ 63,085
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and goodwill and other long-lived asset impairment	50,044	57,113
Net pension benefit	(36,868)	(29,517)
Loss on marketable equity securities, net	16,656	—
Stock-based compensation expense, net	3,262	5,204
(Gain) loss on disposition of businesses, property, plant and equipment and investments, net	(12,598)	402
Debt extinguishment costs	10,563	—
Foreign exchange loss (gain)	2,089	(5,194)
Equity in earnings of affiliates, net of distributions	(2,945)	(1,966)
(Benefit) provision for deferred income taxes	(4,140)	14,370
Change in operating assets and liabilities:		
Accounts receivable, net	79,007	122,122
Accounts payable and accrued liabilities	(72,017)	(63,654)
Deferred revenue	(46,193)	(29,706)
Income taxes receivable	26,323	6,374
Other assets and other liabilities, net	(33,980)	(7,425)
Other	1,735	360
Net Cash Provided by Operating Activities	70,538	131,568
Cash Flows from Investing Activities		
Proceeds from sales of marketable equity securities	66,741	—
Purchases of property, plant and equipment	(40,506)	(29,947)
Advance related to Kaplan University transaction and loan to affiliate	(28,061)	—
Investments in certain businesses, net of cash acquired	(24,717)	(299,938)
Net (payments) proceeds from disposition of businesses, property, plant and equipment and investments	(13,332)	1,760
Investments in equity affiliates, cost method and other investments	(6,310)	(10,527)
Return of investment in equity affiliates	2,056	3,527
Net Cash Used in Investing Activities	(44,129)	(335,125)
Cash Flows from Financing Activities		
Repayments of borrowings and early redemption premium	(410,569)	(1,214)
Issuance of borrowings	400,000	—
Common shares repurchased	(94,092)	(395)
Dividends paid	(14,453)	(14,201)
Payments of debt financing costs	(6,924)	—
Other	(844)	(3,329)
Net Cash Used in Financing Activities	(126,882)	(19,139)
Effect of Currency Exchange Rate Change	(4,352)	7,026
Net Decrease in Cash and Cash Equivalents and Restricted Cash	(104,825)	(215,670)
Beginning Cash and Cash Equivalents and Restricted Cash	407,566	670,816
Ending Cash and Cash Equivalents and Restricted Cash	\$ 302,741	\$ 455,146

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. ORGANIZATION, BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS

Graham Holdings Company (the Company), is a diversified education and media company. The Company's Kaplan subsidiary provides a wide variety of educational services, both domestically and outside the United States. The Company's media operations comprise the ownership and operation of seven television broadcasting stations, several websites and print publications, and a marketing solutions provider. The Company's other business operations include manufacturing and home health and hospice services.

On March 22, 2018, Kaplan completed the sale of the institutional assets and operations of Kaplan University (KU) to an Indiana non-profit, public-benefit corporation that is a subsidiary affiliated with Purdue University (Purdue) (see Note 2). The gain on the sale of the institutional assets of KU is included in other income, net, in the Condensed Consolidated Statement of Operations.

As a result of the transaction, Kaplan reorganized its higher education operations into the following two operating segments for the purpose of making operating decisions and assessing performance: Higher Education and Professional (U.S.) (see Note 16). The higher education segment comprises the historical KU for-profit postsecondary education business and the current non-academic operations support services provided to the new university, Purdue University Global. The Professional (U.S.) segment comprises the KU School of Professional and Continuing Education, which provides professional training and exam preparation for professional certifications and licensures.

Basis of Presentation – The accompanying condensed consolidated financial statements have been prepared in accordance with: (i) generally accepted accounting principles in the United States of America (GAAP) for interim financial information; (ii) the instructions to Form 10-Q; and (iii) the guidance of Rule 10-01 of Regulation S-X under the Securities and Exchange Act of 1934, as amended, for financial statements required to be filed with the Securities and Exchange Commission (SEC). They include the assets, liabilities, results of operations and cash flows of the Company, including its domestic and foreign subsidiaries that are more than 50% owned or otherwise controlled by the Company. As permitted under such rules, certain notes and other financial information normally required by GAAP have been condensed or omitted. Management believes the accompanying condensed consolidated financial statements reflect all normal and recurring adjustments necessary for a fair statement of the Company's financial position, results of operations, and cash flows as of and for the periods presented herein. The Company's results of operations for the three and six months ended June 30, 2018 and 2017 may not be indicative of the Company's future results. These condensed consolidated financial statements are unaudited and should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Company's Current Report on Form 8-K filed on May 21, 2018.

The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

Use of Estimates in the Preparation of the Condensed Consolidated Financial Statements – The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the amounts reported herein. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates.

Recently Adopted and Issued Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board (FASB) issued comprehensive new guidance that supersedes all existing revenue recognition guidance. In August 2015, the FASB issued an amendment to the guidance that defers the effective date by one year. The new guidance requires revenue to be recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The new guidance also significantly expands the disclosure requirements for revenue recognition. The guidance is effective for interim and fiscal years beginning after December 15, 2017. The standard permits two implementation approaches, full retrospective, requiring retrospective application of the new guidance with a restatement of prior years, or modified retrospective, requiring prospective application of the new guidance with disclosure of results under the old guidance in the first year of adoption. The Company adopted the new guidance on January 1, 2018 using the modified retrospective approach for contracts not completed as of the adoption date.

Upon adoption of the new guidance, the Company recorded a net increase to the opening balance of retained earnings of \$7.4 million. This adjustment was driven by changes in the timing of recognition of both revenues and

expenses. A change in revenue recognition at a manufacturing business resulted in the acceleration of revenue and associated expenses as revenue is now recognized over time versus at a point in time. A change in the contract term at an education business resulted in a different revenue recognition pattern from previous recognition. Finally, the Company's treatment of certain commissions paid to employees and agents at its education division changed. The Company previously expensed such commissions as incurred. Upon adoption of the new guidance, the Company capitalizes certain commission costs as an incremental cost of obtaining a contract and subsequently amortizes the cost as the tuition services are delivered to students.

The cumulative effect of the changes to the Company's Condensed Consolidated Balance Sheet as a result of adopting the new guidance was as follows:

(in thousands)	Balance as of December 31, 2017	Adjustments	Balance as of January 1, 2018
Assets			
Accounts receivable, net	\$ 620,319	\$ 2,142	\$ 622,461
Inventories and contracts in progress	60,612	903	61,515
Other current assets	66,253	6,343	72,596
Liabilities			
Accounts payable and accrued liabilities	\$ 526,323	\$ 88	\$ 526,411
Deferred revenue	339,454	(346)	339,108
Deferred income taxes	362,701	2,197	364,898
Equity			
Retained earnings	\$ 5,791,724	\$ 7,449	\$ 5,799,173

Under the modified retrospective method of adoption, the Company is required to disclose the impact the adoption of the revenue guidance had on its Condensed Consolidated Statement of Operations. If the company continued to follow its accounting policies under the previous guidance, expenses would be \$3.8 million lower for the quarter ended June 30, 2018. Revenue recognized would be similar under the previous guidance for the quarter ended June 30, 2018. For the six months ended June 30, 2018, revenue and expenses would be \$1.3 million and \$0.8 million lower, respectively. This is primarily due to the net impact of the change in the timing of the recognition of revenue and costs to obtain a contract.

In January 2016, the FASB issued new guidance that substantially revises the recognition, measurement and presentation of financial assets and financial liabilities. The new guidance, among other things, requires, (i) equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, with some exceptions, (ii) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment, (iii) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (iv) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements, and (v) clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The guidance is effective for interim and fiscal years beginning after December 15, 2017.

The Company adopted this guidance in the first quarter of 2018 and recorded a cumulative adjustment of \$194.9 million to retained earnings on its Condensed Consolidated Balance Sheet related to unrealized gains of available-for-sale securities, net of tax, previously classified within accumulated other comprehensive income. Results for reporting periods beginning after January 1, 2018 are presented under this new guidance, with any changes in fair value recognized in net income. In addition, the Company elected the measurement alternative to measure cost method investments that do not have a readily determinable fair value at cost less impairment, adjusted by observable price changes with any fair value changes recognized in net income.

In February 2016, the FASB issued new guidance that requires, among other things, a lessee to recognize a right-of-use asset representing an entity's right to use the underlying asset for the lease term and a liability for lease payments on its balance sheet, regardless of classification of a lease as operating or financing. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities and account for the lease similar to existing guidance for operating leases today. This new guidance supersedes all prior guidance. The guidance is effective for interim and fiscal years beginning after December 15, 2018. Early adoption is permitted. The standard requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is in the process of evaluating the impact of this new guidance on its Condensed Consolidated Financial Statements; however, the recognition of right-of-use assets and lease liabilities is expected to have a material effect on its Condensed Consolidated Balance Sheet.

In March 2017, the FASB issued new guidance that changes the presentation of net periodic pension cost and net periodic postretirement benefit cost for defined benefit plans. The guidance requires an issuer to disaggregate the service cost component of net periodic pension and postretirement benefit cost from other components. Under the new guidance, service cost will be included in the same line item(s) as other compensation costs arising from services rendered by employees during the period, while the other components will be recognized after income from operations. The guidance is effective for interim and fiscal years beginning after December 15, 2017. The guidance must be applied retrospectively; however, a practical expedient is available which permits an employer to use amounts previously disclosed in its pension and postretirement plans footnote for the prior comparative periods.

The Company adopted the new standard in the first quarter of 2018. In combination with the presentation change to net periodic pension cost and net periodic postretirement benefit cost, the Company allocated its costs associated with fringe benefits between operating expenses and selling, general and administrative expenses. Previously, costs related to fringe benefits were generally classified as selling, general and administrative expenses. The amounts in the previously issued financial statements have been reclassified to conform to the reclassified presentation. The effect of these changes to the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2017 is as follows:

(in thousands)	As Previously Reported	Adjustment	Upon Adoption
Three Months Ended June 30, 2017			
Operating expenses	\$ 358,252	\$ 23,495	\$ 381,747
Selling, general and administrative expenses	213,848	(4,875)	208,973
Income from Operations	68,361	(18,620)	49,741
Non-operating pension and postretirement benefit income, net	—	18,620	18,620
Income Before Income Taxes	65,899	—	65,899
Six Months Ended June 30, 2017			
Operating expenses	\$ 658,918	\$ 48,516	\$ 707,434
Selling, general and administrative expenses	445,357	(11,095)	434,262
Income from Operations	97,415	(37,421)	59,994
Non-operating pension and postretirement benefit income, net	—	37,421	37,421
Income Before Income Taxes	89,685	—	89,685

2. ACQUISITIONS AND DISPOSITIONS OF BUSINESSES

Acquisitions. On July 31, 2018, Dekko closed on an agreement to acquire 100% of the issued and outstanding shares of Furnlite, Inc., a Fallston, NC-based manufacturer of power and data solutions for the hospitality and residential furniture industry. Dekko's primary reasons for the acquisition are to complement existing product offerings and to provide potential synergies across the businesses. The acquisition will be included in other businesses.

On July 12, 2018, Kaplan closed on its agreement to acquire 100% of the issued and outstanding shares of the College for Financial Planning (CFFP), a provider of financial education and training to individuals pursuing the Certified Financial Planner certification, a Master of Science in Personal Financial Planning, or a Master of Science in Finance. The acquisition is expected to expand Kaplan's financial education product offerings and will be included in the Professional (U.S.) division.

In the first six months of 2018, the Company acquired three businesses in its education division for \$26.2 million.

In May 2018, Kaplan acquired a 100% interest in Professional Publications, Inc. (PPI), an independent publisher of professional licensing exam review materials and a leader in engineering, surveying, architecture, and interior design licensure exam review, by purchasing all of its issued and outstanding shares. This acquisition is expected to provide certain strategic benefits in the future. This acquisition is included in the Professional (U.S.) division.

In January and February 2018, Kaplan acquired the assets of i-Human Patients, Inc., a leader in cloud-based, interactive patient encounter simulations for medical and nursing professionals and educators, and another small business in its test preparation and international divisions, respectively. These acquisitions are expected to provide strategic benefits in the future.

During 2017, the Company acquired six businesses, two in its education division, two in its television broadcasting division, one in its healthcare division and one in other businesses for \$318.9 million in cash and contingent consideration, and the assumption of \$59.1 million in certain pension and postretirement obligations.

On January 17, 2017, the Company closed on its agreement with Nexstar Broadcasting Group, Inc. and Media General, Inc. to acquire the assets of WCWJ, a CW affiliate television station in Jacksonville, FL and WSLS, an NBC affiliate television station in Roanoke, VA, for cash and the assumption of certain pension obligations. The

acquisition of WCWJ and WSLs will complement the other stations that GMG operates. Both of these acquisitions are included in television broadcasting.

In February 2017, Kaplan acquired a 100% interest in Genesis Training Institute, a Dubai-based provider of professional development training in the United Arab Emirates, by purchasing all of its issued and outstanding shares. Additionally, Kaplan acquired a 100% interest in Red Marker Pty Ltd, an Australia-based regulatory technology company by purchasing all of its outstanding shares. These acquisitions are expected to provide certain strategic benefits in the future. Both of these acquisitions are included in Kaplan international.

In April 2017, the Company acquired 97.72% of the issued and outstanding shares of Hoover Treated Wood Products, Inc., a Thomson, GA-based supplier of pressure impregnated kiln-dried lumber and plywood products for fire retardant and preservative applications for \$206.8 million, net of cash acquired. The fair value of the redeemable noncontrolling interest in Hoover was \$3.7 million at the acquisition date, determined using a market approach. The minority shareholders have an option to put some of their shares to the Company starting in 2019 and the remaining shares starting in 2021. The Company has an option to buy the shares of minority shareholders starting in 2027. This acquisition is consistent with the Company's ongoing strategy of investing in companies with a history of profitability and strong management. Hoover is included in other businesses.

At the end of June 2017, Graham Healthcare Group (GHG) acquired a 100% interest in Hometown Home Health and Hospice, a Lapeer, MI-based healthcare services provider by purchasing all of its issued and outstanding shares. This acquisition expands GHG's service area in Michigan. GHG is included in healthcare.

Acquisition-related costs for acquisitions that closed during 2018 were \$0.6 million and were expensed as incurred. Acquisition-related costs for acquisitions that closed during the first six months of 2017 were \$3.5 million and were expensed as incurred. The aggregate purchase price of the 2018 and 2017 acquisitions was allocated as follows (2018 on a preliminary basis):

(in thousands)	Purchase Price Allocation	
	Six Months Ended	Twelve Months Ended
	June 30, 2018	December 31, 2017
Accounts receivable	\$ 734	\$ 12,502
Inventory	381	25,253
Property, plant and equipment	867	29,921
Goodwill	9,629	143,149
Indefinite-lived intangible assets	—	33,800
Amortized intangible assets	20,644	170,658
Other assets	339	1,880
Pension and other postretirement benefits liabilities	—	(59,116)
Other liabilities	(3,085)	(12,177)
Deferred income taxes	(4,460)	(37,289)
Redeemable noncontrolling interest	—	(3,666)
Aggregate purchase price, net of cash acquired	\$ 25,049	\$ 304,915

The 2018 fair values recorded were based upon preliminary valuations and the estimates and assumptions used in such valuations are subject to change within the measurement period (up to one year from the acquisition date). The recording of deferred tax assets or liabilities, working capital and the final amount of residual goodwill and other intangibles are not yet finalized. Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The goodwill recorded due to these acquisitions is attributable to the assembled workforces of the acquired companies and expected synergies. The Company expects to deduct \$0.7 million of goodwill for income tax purposes for the acquisitions completed during the first six months of 2018. The Company expects to deduct \$11.0 million of goodwill for income tax purposes for the acquisitions completed in 2017.

The acquired companies were consolidated into the Company's financial statements starting on their respective acquisition dates. The Company's Condensed Consolidated Statements of Operations include aggregate revenues and operating losses for the companies acquired in 2018 of \$2.1 million and \$0.8 million, respectively, for the second quarter of 2018, and aggregate revenues and operating losses of \$2.5 million and \$0.9 million, respectively, for the first six months of 2018. The following unaudited pro forma financial information presents the Company's results as if the 2018 acquisitions had occurred at the beginning of 2017. The unaudited pro forma information also includes the 2017 acquisitions as if they occurred at the beginning of 2016:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Operating revenues	\$ 677,743	\$ 688,504	\$ 1,337,712	\$ 1,330,929
Net income	46,558	48,045	89,633	72,313

These pro forma results were based on estimates and assumptions, which the Company believes are reasonable, and include the historical results of operations of the acquired companies and adjustments for depreciation and amortization of identified assets and the effect of pre-acquisition transaction related expenses incurred by the Company and the acquired entities. The pro forma information does not include efficiencies, cost reductions and synergies expected to result from the acquisitions. They are not the results that would have been realized had these entities been part of the Company during the periods presented and are not necessarily indicative of the Company's consolidated results of operations in future periods.

Kaplan University Transaction. On April 27, 2017, certain subsidiaries of Kaplan entered into a Contribution and Transfer Agreement to contribute the institutional assets and operations of Kaplan University to an Indiana non-profit, public-benefit corporation that is a subsidiary affiliated with Purdue University. The closing of the transactions contemplated by the Transfer Agreement occurred on March 22, 2018. At the same time, the parties entered into a Transition and Operations Support Agreement (TOSA) pursuant to which Kaplan will provide key non-academic operations support to the new university.

The new university will operate almost exclusively online as a new Indiana public university affiliated with Purdue under the name Purdue University Global. As part of the transfer to Purdue University Global, KU transferred students, academic personnel, faculty and operations, property leases for KU's campuses and learning centers, Kaplan-owned academic curricula and content related to KU courses. The operations support activities that Kaplan will provide to Purdue University Global will include technology support, help-desk functions, human resources support for transferred faculty and employees, admissions support, financial aid administration, marketing and advertising, back-office business functions, certain test preparation and domestic and international student recruiting services.

The transfer of KU does not include any of the assets of the KU School of Professional and Continuing Education, which provides professional training and exam preparation for professional certifications and licensures, nor does it include the transfer of other Kaplan businesses such as Kaplan Test Preparation and Kaplan International. Those entities, programs and business lines will remain part of Kaplan. Kaplan received nominal cash consideration upon transfer of the institutional assets.

Pursuant to the TOSA, Kaplan is not entitled to receive any reimbursement of costs incurred in providing support functions, or any fee, unless and until Purdue University Global has first covered all of its operating costs (subject to a cap). If Purdue University Global achieves cost efficiencies in its operations, then Purdue University Global may be entitled to an additional payment equal to 20 percent of such cost efficiencies (Purdue Efficiency Payment). In addition, during each of Purdue University Global's first five years, prior to any payment to Kaplan, Purdue University Global is entitled to a priority payment of \$10 million per year beyond costs. To the extent Purdue University Global's revenue is insufficient to pay the \$10 million per year priority payment, Kaplan is required to advance an amount to Purdue University Global to cover such insufficiency. At closing, Kaplan paid to Purdue University Global an advance in the amount of \$20 million, representing, and in lieu of, priority payments for Purdue University Global's fiscal years ending June 30, 2019 and June 30, 2020.

To the extent that there are sufficient revenues to pay the Purdue Efficiency Payment, Purdue University Global is reimbursed for its operating costs (subject to a cap) and the priority payment to Purdue University Global is paid. To the extent there is remaining revenue, Kaplan will then receive reimbursement for its operating costs (subject to a cap) of providing the support activities. If Kaplan achieves cost efficiencies in its operations, then Kaplan may be entitled to an additional payment equal to 20 percent of such cost efficiencies (Kaplan Efficiency Payment). If there are sufficient revenues, Kaplan may also receive a fee equal to 12.5 percent of Purdue University Global's revenue. The fee will increase to 13 percent beginning with Purdue University Global's fiscal year ending June 30, 2023 and continuing through Purdue University Global's fiscal year ending June 30, 2027, and then the fee will return to 12.5 percent thereafter. Subject to certain limitations, a portion of the fee that is earned by Kaplan in one year may be carried over and instead paid to Kaplan in subsequent years.

After the first five years of the TOSA, Kaplan and Purdue University Global will be entitled to payments in a manner consistent with the structure described above, except that (i) Purdue University Global will no longer be entitled to a priority payment and (ii) to the extent that there are sufficient revenues after payment of the Kaplan Efficiency Payment (if any), Purdue University Global will be entitled to an annual payment equal to 10 percent of the remaining revenue after the Kaplan Efficiency Payment (if any) is paid and subject to certain other adjustments. The TOSA has a 30-year initial term, which will automatically renew for five-year periods unless terminated. After the sixth year, Purdue University Global has the right to terminate the agreement upon payment of a termination fee equal to 1.25 times Purdue University Global's revenue for the preceding 12-month period, which payment would be made pursuant to a 10-year note, and at the election of Purdue University Global, it may receive for no additional consideration certain assets used by Kaplan to provide the support activities pursuant to the TOSA. At the end of the 30-year term, if Purdue University Global does not renew the TOSA, Purdue University Global will be obligated to make a final payment of 75% of its total revenue earned during the preceding 12-month period, which payment will be made pursuant to a 10-year note, and at the election of Purdue University Global, it may receive for no additional consideration certain assets used by Kaplan to provide the support activities pursuant to the TOSA.

Either party may terminate the TOSA at any time if Purdue University Global generates (i) \$25 million in cash operating losses for three consecutive years or (ii) aggregate cash operating losses greater than \$75 million at any point during the initial term. Operating loss is defined as the amount of revenue Purdue University Global generates minus the sum of (1) Purdue University Global's and Kaplan's respective costs in performing academic and support functions and (2) the \$10 million priority payment to Purdue University Global in each of the first five years. Upon termination for any reason, Purdue University Global will retain the assets that Kaplan contributed pursuant to the Transfer Agreement. Each party also has certain termination rights in connection with a material default or material breach of the TOSA by the other party.

Pursuant to the U.S. Department of Education (ED) requirements, Purdue assumes responsibility for any liability arising from the operation of the institution. This assumption will not limit Kaplan's obligation to indemnify Purdue for pre-closing liabilities under the Transfer Agreement. As a result of the transfer of KU, Kaplan will no longer own or operate KU or any other institution participating in student financial aid programs that have been created under Title IV of the U.S. Federal Higher Education Act of 1965, as amended. Consequently, Kaplan is no longer responsible for operating KU. However, pursuant to the TOSA, Kaplan will be performing functions that fall within the ED's definition of a third-party servicer and will, therefore, assume certain regulatory responsibilities that require approval by the ED. The third-party servicer arrangement between Kaplan and Purdue University Global is also subject to information security requirements established by the Federal Trade Commission as well as all aspects of the Family Educational Rights and Privacy Act. As a third-party servicer, Kaplan may be required to undergo an annual compliance audit of its administration of the Title IV functions or services that it performs.

As a result of the KU Transaction, the Company recorded a pre-tax gain of \$4.3 million in the first quarter of 2018. For financial reporting purposes, Kaplan may receive payment of additional consideration for the sale of the institutional assets as part of the fee to the extent there are sufficient revenues available after paying all amounts required by the TOSA. The Company recorded a \$1.4 million contingent consideration gain related to the disposition in the second quarter of 2018.

The revenue and operating income related to the KU business disposed of are as follows:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Revenue	\$ —	\$ 111,619	\$ 91,526	\$ 222,493
Operating income	—	12,788	213	16,797

Sale of Businesses. In February 2018, Kaplan completed the sale of a small business which was included in Test Preparation. In February 2017, GHG completed the sale of Celtic Healthcare of Maryland. In the fourth quarter of 2017, Kaplan Australia completed the sale of a small business, which was included in Kaplan International. As a result of these sales, the Company reported gains (losses) in other non-operating income (see Note 13).

Other Transactions. In June 2018, the Company incurred \$6.2 million of interest expense related to the mandatorily redeemable noncontrolling interest redemption settlement at GHG. The mandatorily redeemable noncontrolling interest was redeemed and paid in July 2018.

3. INVESTMENTS

As of June 30, 2018 and December 31, 2017, the Company had money market investments of \$157.2 million and \$217.6 million, respectively, that are classified as cash, cash equivalents and restricted cash in the Company's Condensed Consolidated Balance Sheets.

Investments in marketable equity securities comprised the following:

(in thousands)	As of	
	June 30, 2018	December 31, 2017
Total cost	\$ 239,904	\$ 269,343
Gross unrealized gains	213,013	266,972
Total Fair Value	\$ 452,917	\$ 536,315

There were no purchases of marketable equity securities during the first six months of 2018 and 2017.

During the first six months of 2018, the gross cumulative realized gains from the sales of marketable equity securities were \$37.3 million. The total proceeds from such sales were \$66.7 million. There were no sales of marketable equity securities for the first six months of 2017.

The loss on marketable equity securities comprised the following:

(in thousands)	Three Months Ended	Six Months Ended
	June 30, 2018	June 30, 2018
Loss on marketable equity securities, net	\$ (2,554)	\$ (16,656)
Less: Net losses in earnings from marketable equity securities sold	1,660	4,271
Net unrealized losses in earnings from marketable equity securities still held at the end of the period	\$ (894)	\$ (12,385)

As of June 30, 2018, the Company held an approximate 11% interest in Intersection Holdings, LLC, and in several other affiliates; GHG held a 40% interest in Residential Home Health Illinois, a 42.5% interest in Residential Hospice Illinois, a 40% interest in the joint venture formed between GHG and a Michigan hospital, and a 40% interest in the joint venture formed between GHG and Allegheny Health Network (AHN). For the three and six months ended June 30, 2018, the Company recorded \$3.3 million and \$7.0 million, respectively, in revenue for services provided to the affiliates of GHG. For the three and six months ended June 30, 2017, the Company recorded \$5.0 million and \$9.6 million, respectively, in revenue for services provided to the affiliates of GHG.

Additionally, Kaplan International Holdings Limited (KIHL) held a 45% interest in a joint venture formed with York University. KIHL agreed to loan the joint venture £25 million, of which £16 million was advanced as of December 31, 2017. In the second quarter of 2018, KIHL advanced a final amount of £6 million in additional funding to the joint venture under this agreement, bringing the total amount advanced to £22 million as of June 30, 2018. The loan will be repayable over 25 years at an interest rate of 7% and the loan is guaranteed by the University of York.

The Company held investments without readily determinable fair values in a number of equity securities that are accounted for as cost method investments. The carrying amount of these investments was \$19.9 million as of June 30, 2018 and December 31, 2017.

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

(in thousands)	As of	
	June 30, 2018	December 31, 2017
Receivables from contracts with customers, less doubtful accounts of \$17,019 and \$22,975	\$ 476,658	\$ 600,215
Other receivables	86,922	20,104
	\$ 563,580	\$ 620,319

Bad debt expense was \$0.3 million and \$6.4 million for the three months ended June 30, 2018 and 2017, respectively; and \$6.1 million and \$12.2 million for the six months ended June 30, 2018 and 2017, respectively.

5. INVENTORIES AND CONTRACTS IN PROGRESS

Inventories and contracts in progress consist of the following:

(in thousands)	As of	
	June 30, 2018	December 31, 2017
Raw materials	\$ 37,069	\$ 30,429
Work-in-process	12,674	10,258
Finished goods	18,614	18,851
Contracts in progress	7,648	1,074
	\$ 76,005	\$ 60,612

6. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company reorganized its operations in the first quarter of 2018 into the following six operating segments for the purpose of making operating decisions and assessing performance: Kaplan International, Higher Education, Test Preparation, Professional (U.S.), Television Broadcasting and Healthcare (see Note 16). The reorganization changed the composition of the reporting units within the education division, and resulted in the reassignment of the assets and liabilities to the reporting units affected. The goodwill was allocated to the affected reporting units using the relative fair value approach. As a result of the reassignment and allocation, the Company performed an interim review of the carrying value of goodwill at the education division for possible impairment on both a pre and post-reorganization basis. No impairment of goodwill was indicated at the pre- and post-reorganization reporting units.

In the second quarter of 2017, as a result of a challenging operating environment, the Forney reporting unit recorded a goodwill and other long-lived asset impairment charge of \$9.2 million. The Company performed an interim review of the goodwill and other long-lived assets of the reporting unit by utilizing a discounted cash flow model to estimate the fair value. The carrying value of the reporting unit exceeded the estimated fair value, resulting in a goodwill impairment charge for the amount by which the carrying value exceeded the reporting unit's estimated fair value. Forney is included in other businesses.

Amortization of intangible assets for the three months ended June 30, 2018 and 2017 was \$11.4 million and \$10.5 million, respectively. Amortization of intangible assets for the six months ended June 30, 2018 and 2017 was \$21.8 million and \$17.4 million, respectively. Amortization of intangible assets is estimated to be approximately \$22 million for the remainder of 2018, \$42 million in 2019, \$39 million in 2020, \$34 million in 2021, \$28 million in 2022 and \$72 million thereafter.

The changes in the carrying amount of goodwill, by segment, were as follows:

(in thousands)	Education	Television Broadcasting	Healthcare	Other Businesses	Total
Balance as of December 31, 2017					
Goodwill	\$ 1,171,812	\$ 190,815	\$ 69,409	\$ 233,825	\$ 1,665,861
Accumulated impairment losses	(350,850)	—	—	(15,301)	(366,151)
	820,962	190,815	69,409	218,524	1,299,710
Acquisitions	9,629	—	—	—	9,629
Dispositions	(11,191)	—	—	—	(11,191)
Foreign currency exchange rate changes	(17,791)	—	—	—	(17,791)
Balance as of June 30, 2018					
Goodwill	1,132,760	190,815	69,409	233,825	1,626,809
Accumulated impairment losses	(331,151)	—	—	(15,301)	(346,452)
	\$ 801,609	\$ 190,815	\$ 69,409	\$ 218,524	\$ 1,280,357

The changes in carrying amount of goodwill at the Company's education division were as follows:

(in thousands)	Kaplan International	Higher Education	Test Preparation	Professional (U.S.)	Total
Balance as of December 31, 2017					
Goodwill	\$ 615,861	\$ 205,494	\$ 166,098	\$ 184,359	\$ 1,171,812
Accumulated impairment losses	—	(131,023)	(102,259)	(117,568)	(350,850)
	615,861	74,471	63,839	66,791	820,962
Acquisitions	26	—	473	9,130	9,629
Dispositions	—	(11,191)	—	—	(11,191)
Foreign currency exchange rate changes	(17,690)	(40)	—	(61)	(17,791)
Balance as of June 30, 2018					
Goodwill	598,197	174,564	166,571	193,428	1,132,760
Accumulated impairment losses	—	(111,324)	(102,259)	(117,568)	(331,151)
	\$ 598,197	\$ 63,240	\$ 64,312	\$ 75,860	\$ 801,609

Other intangible assets consist of the following:

(in thousands)	Useful Life Range	As of June 30, 2018			As of December 31, 2017		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized Intangible Assets							
Student and customer relationships	2–10 years (1)	\$ 261,312	\$ 98,381	\$ 162,931	\$ 260,464	\$ 83,690	\$ 176,774
Trade names and trademarks	2–10 years	64,110	27,708	36,402	50,286	25,596	24,690
Network affiliation agreements	10 years	17,400	2,538	14,862	17,400	1,668	15,732
Databases and technology	3–6 years	24,197	7,416	16,781	19,563	5,008	14,555
Noncompete agreements	2–5 years	1,093	687	406	930	467	463
Other	1–8 years	13,430	8,215	5,215	13,430	7,668	5,762
		\$ 381,542	\$ 144,945	\$ 236,597	\$ 362,073	\$ 124,097	\$ 237,976
Indefinite-Lived Intangible Assets							
Trade names and trademarks		\$ 81,494			\$ 82,745		
FCC licenses		18,800			18,800		
Licensure and accreditation		150			650		
		\$ 100,444			\$ 102,195		

(1) As of December 31, 2017, the student and customer relationships' minimum useful life was 1 year.

7. DEBT

The Company's borrowings consist of the following:

(in thousands)	As of	
	June 30, 2018	December 31, 2017
5.75% unsecured notes due June 1, 2026 ⁽¹⁾	\$ 393,894	\$ —
7.25% unsecured notes due February 1, 2019	—	399,507
UK Credit facility ⁽²⁾	91,330	93,671
Other indebtedness	103	109
Total Debt	\$ 485,327	\$ 493,287
Less: current portion	(6,553)	(6,726)
Total Long-Term Debt	\$ 478,774	\$ 486,561

(1) The carrying value is net of \$6.1 million of unamortized debt issuance costs as of June 30, 2018.

(2) The carrying value is net of \$0.3 million and \$0.4 million of unamortized debt issuance costs as of June 30, 2018 and December 31, 2017, respectively.

The Company's other indebtedness at June 30, 2018 and December 31, 2017 is at an interest rate of 2% and matures in 2026.

On May 30, 2018, the Company issued \$400 million senior unsecured fixed-rate notes due June 1, 2026 (the Notes). The Notes are guaranteed, jointly and severally, on a senior unsecured basis, by certain of the Company's existing and future domestic subsidiaries, as described in the terms of the indenture, dated as of May 30, 2018 (the

Indenture). The Notes have a coupon rate of 5.75% per annum, payable semi-annually on June 1 and December 1, beginning on December 1, 2018. The Company may redeem the Notes in whole or in part at any time at the respective redemption prices described in the Indenture.

On June 29, 2018, the Company used the net proceeds from the sale of the Notes, together with cash on hand, to redeem the \$400 million of 7.25% notes due February 1, 2019. The Company incurred \$11.4 million in debt extinguishment costs in relation to the early termination of the 7.25% notes.

In combination with the issuance of the Notes, the Company and certain of the Company's domestic subsidiaries named therein as guarantors entered into an amended and restated credit agreement providing for a U.S. \$300 million five-year revolving credit facility (the Revolving Credit Facility) with each of the lenders party thereto, certain of the Company's foreign subsidiaries from time to time party thereto as foreign borrowers, Wells Fargo Bank, National Association, as Administrative Agent (Wells Fargo), JPMorgan Chase Bank, N.A., as Syndication Agent, and HSBC Bank USA, National Association and Bank of America, N.A. as Documentation Agents (the Amended and Restated Credit Agreement), which amends and restates the Company's existing Five Year Credit Agreement, dated as of June 29, 2015, among the Company, certain of its domestic subsidiaries as guarantors, the several lenders from time to time party thereto, Wells Fargo Bank, National Association, as Administrative Agent and JPMorgan Chase Bank, N.A., as Syndication Agent (the Existing Credit Agreement). The Amended and Restated Credit Agreement amends the Existing Credit Agreement to (i) extend the maturity of the Revolving Credit Facility to May 30, 2023, unless the Company and the lenders agree to further extend the term, (ii) increase the aggregate principal amount of the Revolving Credit Facility to U.S. \$300 million, consisting of a U.S. Dollar tranche of U.S. \$200 million for borrowings in U.S. Dollars and a multicurrency tranche equivalent to U.S. \$100 million for borrowings in U.S. Dollars and certain foreign currencies, (iii) provide for borrowings under the Revolving Credit Facility in U.S. Dollars and certain other foreign currencies specified in the Amended and Restated Credit Agreement, (iv) permit certain foreign subsidiaries of the Company to be added to the Amended and Restated Credit Agreement as foreign borrowers thereunder and (v) effect certain other modifications to the Existing Credit Agreement.

Under the Amended and Restated Credit Agreement, the Company is required to pay a commitment fee on a quarterly basis, based on the Company's leverage ratio, of between 0.15% and 0.25% of the amount of the average daily unused portion of the Revolving Credit Facility. Any borrowings under the Amended and Restated Credit Agreement are made on an unsecured basis and bear interest at the Company's option, either at (a) a fluctuating interest rate equal to the highest of Wells Fargo's prime rate, 0.5 percent above the Federal funds rate or the one-month Eurodollar rate plus 1%, or (b) the Eurodollar rate for the applicable currency and interest period as defined in the Amended and Restated Credit Agreement, which is generally a periodic rate equal to LIBOR, CDOR, BBSY or SOR, as applicable, in the case of each of clauses (a) and (b) plus an applicable margin that depends on the Company's consolidated debt to consolidated adjusted EBITDA (as determined pursuant to the Amended and Restated Credit Agreement, Total Net Leverage Ratio). The Company and its foreign subsidiaries may draw on the Revolving Credit Facility for general corporate purposes. Any outstanding borrowings must be repaid on or prior to the final termination date. The Amended and Restated Credit Agreement contains terms and conditions, including remedies in the event of a default by the Company, typical of facilities of this type and requires the Company to maintain a Total Net Leverage Ratio of not greater than 3.5 to 1.0 and a consolidated interest coverage ratio of at least 3.5 to 1.0 based upon the ratio of consolidated adjusted EBITDA to consolidated interest expense as determined pursuant to the Amended and Restated Credit Agreement. The Company is in compliance with all financial covenants as of June 30, 2018.

During the three months ended June 30, 2018 and 2017, the Company had average borrowings outstanding of approximately \$591.7 million and \$495.6 million, respectively, at average annual interest rates of approximately 5.8% and 6.2%, respectively. During the three months ended June 30, 2018 and 2017, the Company incurred net interest expense of \$15.3 million and \$7.9 million, respectively.

During the six months ended June 30, 2018 and 2017, the Company had average borrowings outstanding of approximately \$550.7 million and \$494.5 million, respectively, at average annual interest rates of approximately 6.0% and 6.2%, respectively. During the six months ended June 30, 2018 and 2017, the Company incurred net interest expense of \$22.0 million and \$14.6 million, respectively.

In June 2018, the Company incurred \$6.2 million of interest expense related to the mandatorily redeemable noncontrolling interest redemption settlement at GHG (see Note 2). The fair value of the mandatorily redeemable noncontrolling interest is based on the redemption value resulting from a negotiated settlement.

At June 30, 2018, the fair value of the Company's 5.75% unsecured notes, based on quoted market prices (Level 2 fair value assessment), totaled \$405.0 million, compared with the carrying amount of \$393.9 million. At December 31, 2017, the fair value of the Company's 7.25% unsecured notes, based on quoted market prices (Level 2 fair value assessment), totaled \$414.7 million, compared with the carrying amount of \$399.5 million. The carrying value of the Company's other unsecured debt at June 30, 2018 and December 31, 2017 approximates fair value.

8. FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities measured at fair value on a recurring basis were as follows:

(in thousands)	As of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Money market investments ⁽¹⁾	\$ —	\$ 157,154	\$ —	\$ 157,154
Marketable equity securities ⁽²⁾	452,917	—	—	452,917
Other current investments ⁽³⁾	12,214	8,979	—	21,193
Interest rate swap ⁽⁴⁾	—	421	—	421
Total Financial Assets	\$ 465,131	\$ 166,554	\$ —	\$ 631,685
Liabilities				
Deferred compensation plan liabilities ⁽⁵⁾	\$ —	\$ 36,573	\$ —	\$ 36,573
Mandatorily redeemable noncontrolling interest ⁽⁷⁾	—	—	16,500	16,500
Total Financial Liabilities	\$ —	\$ 36,573	\$ 16,500	\$ 53,073
	As of December 31, 2017			
(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Money market investments ⁽¹⁾	\$ —	\$ 217,628	\$ —	\$ 217,628
Marketable equity securities ⁽²⁾	536,315	—	—	536,315
Other current investments ⁽³⁾	9,831	11,007	—	20,838
Total Financial Assets	\$ 546,146	\$ 228,635	\$ —	\$ 774,781
Liabilities				
Deferred compensation plan liabilities ⁽⁵⁾	\$ —	\$ 43,414	\$ —	\$ 43,414
Interest rate swap ⁽⁶⁾	—	244	—	244
Mandatorily redeemable noncontrolling interest ⁽⁷⁾	—	—	10,331	10,331
Total Financial Liabilities	\$ —	\$ 43,658	\$ 10,331	\$ 53,989

- (1) The Company's money market investments are included in Cash and Cash Equivalents and Restricted Cash and the value considers the liquidity of the counterparty.
- (2) The Company's investments in marketable equity securities are held in common shares of U.S. corporations that are actively traded on U.S. stock exchanges. Price quotes for these shares are readily available. Investments in marketable securities were classified as available-for-sale in 2017 prior to the adoption of the new accounting guidance (see Note 1).
- (3) Includes U.S. Government Securities, corporate bonds, mutual funds and time deposits. These investments are valued using a market approach based on the quoted market prices of the security or inputs that include quoted market prices for similar instruments and are classified as either Level 1 or Level 2 in the fair value hierarchy.
- (4) Included in Deferred Charges and Other Assets. The Company utilized a market approach model using the notional amount of the interest rate swap multiplied by the observable inputs of time to maturity and market interest rates.
- (5) Includes Graham Holdings Company's Deferred Compensation Plan and supplemental savings plan benefits under the Graham Holdings Company's Supplemental Executive Retirement Plan, which are included in accrued compensation and related benefits. These plans measure the market value of a participant's balance in a notional investment account that is comprised primarily of mutual funds, which are based on observable market prices. However, since the deferred compensation obligations are not exchanged in an active market, they are classified as Level 2 in the fair value hierarchy. Realized and unrealized gains (losses) on deferred compensation are included in operating income.
- (6) Included in Other Liabilities. The Company utilized a market approach model using the notional amount of the interest rate swap multiplied by the observable inputs of time to maturity and market interest rates.
- (7) As of June 30, 2018, the fair value of the mandatorily redeemable noncontrolling interest is based on the redemption value resulting from a negotiated settlement. The mandatorily redeemable noncontrolling interest was redeemed and paid in July 2018. As of December 31, 2017, the fair value of the mandatorily redeemable noncontrolling interest is based on an EBITDA multiple, adjusted for working capital and other items, which approximates fair value.

In the second quarter of 2017, the Company recorded a goodwill and other long-lived asset impairment charge of \$9.2 million. The remeasurement of the goodwill and other long-lived assets is classified as a Level 3 fair value assessment due to the significance of unobservable inputs developed in the determination of the fair value. The Company used a discounted cash flow model to determine the estimated fair value of the reporting unit and made estimates and assumptions regarding future cash flows, discount rates and long-term growth rates.

9. INCOME TAXES

The Tax Cuts and Jobs Act (the Tax Act) was enacted in December 2017, making significant changes to the Internal Revenue Code. The SEC staff issued Staff Accounting Bulletin No. 118 (SAB 118) to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. SAB 118 allows the registrant to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. The ultimate impact may materially differ from these provisional amounts due to, among other things, additional analysis, changes in interpretations and assumptions the Company made,

additional regulatory guidance that may be issued, and actions the Company may take as a result of the Tax Act. In accordance with SAB 118, the Company has calculated a reasonable estimate of the impact of the Tax Act and recorded a provisional amount in its financial statements based on its understanding of the Tax Act and guidance available as of the date of this filing. The Company expects to complete its analysis within the measurement period in accordance with SAB 118.

Changes as a result of the Tax Act include, but are not limited to, a reduction in the federal corporate income tax rate from 35% to 21% effective January 1, 2018; the imposition of a one-time transition tax on historic earnings of certain non-U.S. subsidiaries that were previously tax deferred; and the imposition of new U.S. taxes on certain non-U.S. earnings. The Company estimates that it will not incur, and did not record, any liability with respect to the one-time U.S. transition tax imposed by the Tax Act on unremitted non-U.S. subsidiary earnings. The Company estimates that unremitted non-U.S. subsidiary earnings, when distributed, will not be subject to tax except to the extent non-U.S. withholding taxes are imposed.

Further, the Tax Act provides a 100% dividends received deduction for distributions from non-U.S. subsidiaries after December 31, 2017, subject to certain holding period requirements. The Tax Act establishes a new regime, the Global Intangible Low Taxed Income (GILTI) tax, that may currently subject to U.S. tax the operations of non-U.S. subsidiaries. The GILTI tax is imposed annually based on all current year non-U.S. operations starting January 1, 2018. The Company has not yet decided whether to elect to record the GILTI tax regime as either a deferred tax accounting item or as a periodic tax expense. The company estimated the 2018 annual GILTI tax expense and included this current period GILTI tax provision estimate when determining the tax provision for the first half of 2018.

The valuation allowances established against deferred state income tax assets may increase or decrease within the next 12 months, based on operating results or the market value of investment holdings. The Company will be monitoring future results on a quarterly basis to determine whether the valuation allowances provided against deferred state tax assets should be increased or decreased, as future circumstances warrant. The Company anticipates that the education division may release valuation allowances against state deferred tax assets of approximately \$22.7 million within the next 12 months, as the education division may generate positive operating results that would support the realization of these deferred tax assets.

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition. The following table presents the Company's revenue disaggregated by revenue source for the three and six months ended June 30, 2018 and June 30, 2017:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Education Revenue				
Kaplan international	\$ 184,303	\$ 171,747	\$ 367,885	\$ 336,309
Higher education	85,981	111,840	185,811	222,951
Test preparation	68,604	75,730	127,755	140,298
Professional (U.S.)	31,057	27,364	64,413	60,563
Kaplan corporate and other	442	57	727	71
Intersegment elimination	(382)	(239)	(1,087)	(796)
	370,005	386,499	745,504	759,396
Television broadcasting	114,086	106,102	222,888	197,598
Manufacturing	126,462	120,672	243,868	182,570
Healthcare	38,208	38,220	75,829	75,119
SocialCode	14,770	14,855	28,069	27,429
Other	9,167	9,739	16,000	16,692
Intersegment elimination	(21)	—	(45)	—
Total Revenue	\$ 672,677	\$ 676,087	\$ 1,332,113	\$ 1,258,804

During the three and six months ended June 30, 2018, the Company generated 75% of its revenues from U.S. domestic sales and 25% from non-U.S. sales.

In the three and six months ended June 30, 2018, the Company recognized 80% of its revenue over time as control of the services and goods transferred to the customer. The remaining 20% of revenues were recognized at a point in time, when the customer obtained control of the promised goods. The determination of the method by which the Company measures its progress towards the satisfaction of its performance obligations requires judgment and is described below for each revenue stream.

The Company identifies a contract for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the

collectability of consideration is probable. The Company evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment.

Education Revenue. Education revenue is primarily derived from postsecondary education services, professional education and test preparation services provided both domestically and abroad. Generally tuition and other fees are paid upfront and recorded in deferred revenue in advance of the date when education services are provided to the student. In some instances, installment billing is available to students which reduces the amount of cash consideration received in advance of performing the service. The contractual terms and conditions associated with installment billing indicate that the student is liable for the total contract price, therefore mitigating the Company's exposure to losses associated with nonpayment. The Company determined the installment billing does not represent a significant financing component.

Kaplan International (KI). KI provides higher education, professional education, and test preparation services and materials to students primarily in the United Kingdom, Singapore, and Australia. Some KI contracts consist of one performance obligation that is a combination of indistinct promises to the student, while other KI contracts include multiple performance obligations as the promises in the contract are both capable of being distinct and distinct within the context of the contract. One KI business offers an option whereby students receive future services at a discount that is accounted for as a material right.

The transaction price is stated in the contract and known at the time of contract inception, therefore no variable consideration exists. Revenue is allocated to each performance obligation based on its standalone selling price. Any discounts within the contract are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract. KI generally determines standalone selling prices based on prices charged to students.

Revenue is recognized ratably over the instruction period or access period for higher education, professional education and test preparation services. KI generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of these services. Course materials determined to be a separate performance obligation are recognized at the point in time when control transfers to the student, generally when the products are delivered to the student.

Higher Education (KHE). In the first quarter of 2018, KHE provided postsecondary education services to students through KU's online programs and fixed-facility colleges.

These contracts consisted either of one performance obligation that is a combination of distinct promises to a student, or two performance obligations if the student also enrolled in the Kaplan Tuition Cap, which established a maximum amount of tuition that KHE may charge students for higher education services. The Kaplan Tuition Cap was accounted for as a material right. The transaction price of a higher education contract was stated in the contract and known at the time of contract inception, therefore no variable consideration existed. A portion of the transaction price was allocated to the material right, if applicable, based on the expected value method.

Higher education services revenue was recognized ratably over the instruction period. The Company used the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of higher education services.

On March 22, 2018, Kaplan contributed the institutional assets and operations of KU to Purdue University Global (see Note 2). Subsequent to the transaction, KHE provides non-academic operations support services to Purdue University Global pursuant to the TOSA. This contract has a thirty year term and consists of one performance obligation, which represents a series of daily promises to provide support services to Purdue University Global. The transaction price is entirely made up of variable consideration related to the reimbursement of KU support costs and the KU fee. The TOSA outlines a payment structure, which dictates how cash will be distributed at the end of Purdue University Global's fiscal year, which is the 30th of June. The collectability of the KU support costs and KU fee is entirely dependent on the availability of cash at the end of the fiscal year. This variable consideration is constrained based on fiscal year forecasts prepared for Purdue University Global. The forecasts are updated throughout the fiscal year until the uncertainty is ultimately resolved, which is at the end of each fiscal year for Purdue University Global. As KHE's performance obligation is made up of a series, the variable consideration is allocated to the distinct service period to which it relates, which is the Purdue University Global fiscal year.

Support services revenue is recognized over time based on the expenses incurred to date and the percentage of expected reimbursement. KU fee revenue is also recognized over time based on the amount of Purdue University Global revenue recognized to date and the percentage of fee expected to be collected for the fiscal year. The Company used these input measures as Purdue Global University simultaneously receives and consumes the benefits of the services provided by KHE.

Kaplan Test Preparation (KTP). KTP offers test preparation services and materials to students related to pre-college, graduate, health and bar review products. Generally KTP contracts include promises for test preparation

services and course materials. As each promise is both capable of being distinct and distinct in the context of the contract, each promise is accounted for as a separate performance obligation. As the transaction price is stated in the contract and known at the time of contract inception, no variable consideration exists. Revenue is allocated to each performance obligation based on its standalone selling price. KTP generally determines standalone selling prices based on prices charged to students. Any discounts within the contract are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract.

Test preparation services revenue is recognized ratably over the period of access. At KTP, an estimate of average access period is developed for each course, and this estimate is evaluated on an ongoing basis and adjusted as necessary. KTP generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and availability of access to test preparation services. Revenue associated with distinct course materials is recognized at the point in time when control transfers to the student, generally when the products are delivered to the student.

KTP offers a guarantee on certain courses that gives students the ability to repeat a course if they are not satisfied with their exam score. The Company accounts for this guarantee as a separate performance obligation.

Revenue allocated to remaining performance obligations represents deferred revenue amounts that will be recognized as revenue in future periods. As of June 30, 2018, KTP's deferred revenue balance related to certain medical and nursing qualifications with an original contract length greater than twelve months was \$6.0 million. KTP expects to recognize 86% of this revenue over the next twelve months and the remainder thereafter.

Kaplan Professional (U.S.) (KP): KP provides professional training and exam preparation for professional certifications and licensures to students. KP contracts include promises for professional education services and course materials. Generally KP revenue contracts consist of multiple performance obligations as each distinct promise is both capable of being distinct and distinct in the context of the contract. The transaction price is stated in the contract and known at the time of contract inception, therefore no variable consideration exists. Revenue is allocated to each performance obligation based on its standalone selling price. KP generally determines standalone selling prices based on the prices charged to students. Any discounts within the contract are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract.

Professional education services revenue is recognized ratably over the period of access. KP generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and availability of access to professional education services. Revenue associated with distinct course materials is recognized at the point in time when control transfers to the student, generally when the products are delivered to the student.

Television Broadcasting Revenue. Television broadcasting revenue at Graham Media Group (GMG) is primarily comprised of television and internet advertising revenue, and retransmission revenue.

Television Advertising Revenue. GMG accounts for the series of advertisements included in television advertising contracts as one performance obligation. GMG recognizes advertising revenue, net of agency commissions, over time. The Company elected the right to invoice practical expedient, an output method, as GMG has the right to consideration that equals the value provided to the customer for advertisements delivered to date. As a result of the election to use the right to invoice practical expedient, GMG does not determine the transaction price or allocate any variable consideration at contract inception. Rather, GMG recognizes revenue commensurate with the amount to which GMG has the right to invoice the customer. Payment is typically received in arrears within sixty days of revenue recognition.

Retransmission Revenue. Retransmission revenue represents compensation paid by cable, satellite and other multichannel video programming distributors (MVPDs) to retransmit GMG's stations' broadcasts in its designated market area. The retransmission rights granted to MVPDs are accounted for as a license of functional intellectual property as the retransmitted broadcast provides significant standalone functionality. As such, each retransmission contract with an MVPD includes one performance obligation for each station's retransmission license. GMG recognizes revenue using the usage-based royalty method in which revenue is recognized in the month the broadcast is retransmitted based on the number of MVPD subscribers and the applicable per user rate identified in the retransmission contract. Payment is typically received in arrears within sixty days of revenue recognition.

Manufacturing Revenue. Manufacturing revenue consists primarily of product sales generated by four businesses: Hoover, Dekko, Joyce and Forney. The Company has determined that each item ordered by the customer is a distinct performance obligation as it has standalone value and is distinct within the context of the contract. For arrangements with multiple performance obligations, the Company initially allocates the transaction price to each obligation based on its standalone selling price, which is the retail price charged to customers. Any

discounts within the contract are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract.

The Company sells some products and services with a right of return. This right of return constitutes variable consideration and is constrained from revenue recognition on a portfolio basis, using the expected value method until the refund period expires.

The Company recognizes revenue when or as control transfers to the customer. Some manufacturing revenue is recognized ratably over the manufacturing period, if the product created for the customer does not have an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. The determination of the method by which the Company measures its progress towards the satisfaction of its performance obligations requires judgment. The Company measures its progress for these products using the units delivered method, an output measure. These arrangements represented 27% and 28% of the manufacturing revenue recognized in the three and six months ended June 30, 2018.

Other manufacturing revenue is recognized at the point in time when control transfers to the customer, generally when the products are shipped. Some customers have a bill and hold arrangement with the Company. Revenue for bill and hold arrangements is recognized when control transfers to the customer, even though the customer does not have physical possession of the goods. Control transfers when the bill-and-hold arrangement has been requested from the customer, the product is identified as belonging to the customer and is ready for physical transfer, and the product cannot be directed for use by anyone but the customer.

Payment terms and conditions vary by contract, although terms generally include a requirement of payment within ninety days of delivery.

The Company evaluated the terms of the warranties and guarantees offered by its manufacturing businesses and determined that these should not be accounted for as a separate performance obligation as a distinct service is not identified.

Healthcare Revenue. The Company contracts with patients to provide home health or hospice services. Payment is typically received from third party payors such as Medicare, Medicaid, and private insurers. The payor is a third party to the contract that stipulates the transaction price of the contract. The Company identifies the patient as the party who benefits from its healthcare services and as such, the patient is its customer.

The Company determined that healthcare services contracts generally have one performance obligation to provide healthcare services to patients. The transaction price reflects the amount of revenue the Company expects to receive in exchange for providing these services. As the transaction price for healthcare services is known at the time of contract inception, no variable consideration exists. Healthcare revenue is recognized ratably over the period of care. The Company generally uses the time-elapsed method, an input measure as it best depicts the simultaneous delivery and consumption of healthcare services.

Payment is received from third party payors within sixty days after a claim is filed, or in some cases in two installments, one during the contract and one after the services have been provided. Medicare is the most common third party payor.

Home health revenue contracts may be modified to account for changes in the patient's plan of care. The Company identifies contract modifications when the modification changes the existing enforceable rights and obligations. As modifications to the plan of care modify the original performance obligation, the Company accounts for the contract modification as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

Other Revenue. The Company recognizes revenue associated with management services it provides to its affiliates. The Company accounts for the management services provided as one performance obligation and recognizes revenue over time as the services are delivered. The Company uses the right to invoice practical expedient, an output method, as the Company's right to revenue corresponds directly with the value delivered to the affiliate. As a result of the election to use the right to invoice practical expedient, the Company does not determine the transaction price or allocate any variable consideration at contract inception. Rather, the Company recognizes revenue commensurate with the amount to which it has the right to invoice the affiliate which is based on contractually identified percentages. Payment is received monthly in arrears.

SocialCode Revenue. SocialCode generates media management revenue in exchange for providing social media marketing solutions to its clients. The Company determined that SocialCode contracts generally have one performance obligation made up of a series of promises to manage the client's media spend on advertising platforms for the duration of the contract period.

SocialCode recognizes revenue, net of media acquisition costs, over time as media management services are delivered to the customer. Generally, SocialCode recognizes revenue using the right to invoice practical expedient, an output method, as SocialCode's right to revenue corresponds directly with the value delivered to its customer. As a result of the election to use the right to invoice practical expedient, SocialCode does not determine the transaction price or allocate any variable consideration at contract inception. Rather, SocialCode recognizes revenue commensurate with the amount to which it has the right to invoice the customer which is a function of the cost of social media placement plus a management fee, less any applicable discounts. Payment is typically received within forty-five days of revenue recognition.

SocialCode evaluates whether it is the principal (i.e. presents revenue on a gross basis) or agent (i.e. presents revenue on a net basis) in its contracts. SocialCode presents revenue for media management services net of media acquisition costs, as an agent, as SocialCode does not control the media before placement on social media platforms.

Other Revenue. Other revenue primarily includes advertising and circulation revenue from Slate, Panoply and Foreign Policy. The Company accounts for other advertising revenues consistently with the advertising revenue streams addressed above. Circulation revenue consists of fees that provide customers access to online and print publications. The Company recognizes circulation revenue ratably over the subscription period beginning on the date that the publication is made available to the customer. Circulation revenue contracts are generally annual or monthly subscription contracts that are paid in advance of delivery of performance obligations.

Accounting Policy Elections. The Company has elected to account for shipping and handling activities that occur after the customer has obtained control of the good as a fulfillment cost rather than as an additional promised service. Therefore, revenue for these performance obligations is recognized when control of the good transfers to the customer, which is when the good is ready for shipment. The Company accrues the related shipping and handling costs over the period when revenue is recognized.

The Company has elected to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the entity from a customer.

Practical Expedients. The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts for which the amount of revenue recognized is based on the amount to which the Company has the right to invoice the customer for services performed, (iii) contracts for which the consideration received is a usage-based royalty promised in exchange for a license of intellectual property and (iv) contracts for which variable consideration is allocated entirely to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation.

With the exception of the education division, the Company expenses costs to obtain a contract as incurred as all contracts are less than one year.

Deferred Revenue. The Company records deferred revenue when cash payments are received or due in advance of the Company's performance, including amounts which are refundable. The following table presents the change in the Company's deferred revenue balance during the six months ended June 30, 2018:

(in thousands)	As of		% Change
	June 30, 2018	January 1, 2018	
Deferred revenue	\$ 252,348	\$ 342,640	(26)

The majority of the change in the deferred revenue balance is related to the KU Transaction and cyclical nature of services at the Kaplan international division. During the six months ended June 30, 2018, the Company recognized \$221.5 million related to the Company's deferred revenue balance as of January 1, 2018.

Costs to Obtain a Contract. The Company incurs costs to obtain a contract that are both incremental and expected to be recovered as the costs would not have been incurred if the contract was not obtained and the revenue from the contract exceeds the associated cost. The revenue guidance provides a practical expedient to expense sales commissions as incurred in instances where the amortization period is one year or less. The amortization period is defined in the guidance as the contract term, inclusive of any expected contract renewal periods. The Company has elected to apply this practical expedient to all contracts except for contracts in its education division. In the education division costs to obtain a contract are amortized over the applicable amortization period except for cases in which commissions paid on initial contracts and renewals are commensurate. The Company amortizes these costs to obtain a contract on a straight line basis over the amortization period. These expenses are included as operating expenses in the Company's Condensed Consolidated Statement of Operations.

The following table presents changes in the Company's costs to obtain a contract asset during the six months ended June 30, 2018:

(in thousands)	Balance at Beginning of Period	Costs associated with new contracts	Less: Costs amortized during the period	Other	Balance at End of Period
2018	\$ 16,043	\$ 20,957	\$ (22,779)	\$ (497)	\$ 13,724

The majority of other activity is related to currency translation adjustments during the six months ended June 30, 2018. Amortization expense for costs to obtain a contract was \$11.6 million for the three months ended June 30, 2018.

11. EARNINGS PER SHARE

The Company's unvested restricted stock awards contain nonforfeitable rights to dividends and, therefore, are considered participating securities for purposes of computing earnings per share pursuant to the two-class method. The diluted earnings per share computed under the two-class method is lower than the diluted earnings per share computed under the treasury stock method, resulting in the presentation of the lower amount in diluted earnings per share. The computation of the earnings per share under the two-class method excludes the income attributable to the unvested restricted stock awards from the numerator and excludes the dilutive impact of those underlying shares from the denominator.

The following reflects the Company's net income and share data used in the basic and diluted earnings per share computations using the two-class method:

(in thousands, except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Numerator:				
Numerator for basic earnings per share:				
Net income attributable to Graham Holdings Company common stockholders	\$ 46,566	\$ 41,996	\$ 89,457	\$ 63,082
Less: Dividends paid-common stock outstanding and unvested restricted shares	(6,948)	(7,080)	(21,587)	(21,282)
Undistributed earnings	39,618	34,916	67,870	41,800
Percent allocated to common stockholders	99.33%	99.06%	99.33%	99.06%
	39,352	34,588	67,416	41,407
Add: Dividends paid-common stock outstanding	6,901	7,013	21,444	21,082
Numerator for basic earnings per share	\$ 46,253	\$ 41,601	\$ 88,860	\$ 62,489
Add: Additional undistributed earnings due to dilutive stock options	2	3	3	3
Numerator for diluted earnings per share	\$ 46,255	\$ 41,604	\$ 88,863	\$ 62,492
Denominator:				
Denominator for basic earnings per share:				
Weighted average shares outstanding	5,325	5,539	5,380	5,537
Add: Effect of dilutive stock options	37	38	37	36
Denominator for diluted earnings per share	5,362	5,577	5,417	5,573
Graham Holdings Company Common Stockholders:				
Basic earnings per share	\$ 8.69	\$ 7.51	\$ 16.52	\$ 11.29
Diluted earnings per share	\$ 8.63	\$ 7.46	\$ 16.40	\$ 11.21

Diluted earnings per share excludes the following weighted average potential common shares, as the effect would be antidilutive, as computed under the treasury stock method:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Weighted average restricted stock	21	29	24	28

The diluted earnings per share amounts for the three and six months ended June 30, 2018 and June 30, 2017 exclude the effects of 104,000 stock options outstanding, as their inclusion would have been antidilutive due to a market condition. The diluted earnings per share amounts for the three and six months ended June 30, 2018 and June 30, 2017 exclude the effects of 5,250 restricted stock awards, as their inclusion would have been antidilutive due to a performance condition.

In the three and six months ended June 30, 2018, the Company declared regular dividends totaling \$1.33 and \$3.99 per common share, respectively. In the three and six months ended June 30, 2017, the Company declared regular dividends totaling \$1.27 and \$3.81 per common share, respectively.

12. PENSION AND POSTRETIREMENT PLANS

In the first quarter of 2018, the Company adopted new guidance which requires the presentation of service cost in the same line item as other compensation costs arising from services by employees during the period, while the other components of the net periodic benefit are recognized in non-operating pension and postretirement benefit income in the Company's Condensed Consolidated Statement of Operations.

On March 22, 2018, the Company eliminated the accrual of pension benefits for certain Kaplan University employees related to their future service. As a result, the Company remeasured the accumulated and projected benefit obligation of the pension plan as of March 22, 2018, and the Company recorded a curtailment gain in the first quarter of 2018. The new measurement basis was used for the recognition of the Company's pension benefit following the remeasurement. The curtailment gain on the Kaplan University transaction is included in the gain on the Kaplan University transaction and reported in Other income, net on the Condensed Consolidated Statement of Operations.

Defined Benefit Plans. The total benefit arising from the Company's defined benefit pension plans consists of the following components:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Service cost	\$ 4,317	\$ 4,591	\$ 9,257	\$ 9,505
Interest cost	11,844	11,979	23,099	23,965
Expected return on assets	(32,796)	(30,403)	(65,282)	(60,740)
Amortization of prior service cost	36	43	78	86
Recognized actuarial gain	(2,974)	(1,039)	(4,020)	(2,333)
Net Periodic Benefit	(19,573)	(14,829)	(36,868)	(29,517)
Curtailment gain	—	—	(806)	—
Total Benefit	\$ (19,573)	\$ (14,829)	\$ (37,674)	\$ (29,517)

The total cost arising from the Company's Supplemental Executive Retirement Plan (SERP) consists of the following components:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Service cost	\$ 204	\$ 215	\$ 409	\$ 429
Interest cost	966	1,058	1,932	2,116
Amortization of prior service cost	78	114	156	228
Recognized actuarial loss	601	443	1,202	887
Net Periodic Cost	\$ 1,849	\$ 1,830	\$ 3,699	\$ 3,660

Defined Benefit Plan Assets. The Company's defined benefit pension obligations are funded by a portfolio made up of a U.S. stock index fund, a relatively small number of stocks and high-quality fixed-income securities that are held by a third-party trustee. The assets of the Company's pension plan were allocated as follows:

	As of	
	June 30, 2018	December 31, 2017
U.S. equities	49%	53%
U.S. stock index fund	31%	30%
U.S. fixed income	11%	11%
International equities	9%	6%
	100%	100%

The Company manages approximately 44% of the pension assets internally, of which the majority is invested in a U.S. stock index fund with the remaining investments in Berkshire Hathaway stock and short-term fixed income securities. The remaining 56% of plan assets are managed by two investment companies. The goal for the investments is to produce moderate long-term growth in the value of these assets, while protecting them against large decreases in value. Both investment managers may invest in a combination of equity and fixed-income securities and cash. The managers are not permitted to invest in securities of the Company or in alternative investments. The investment managers cannot invest more than 20% of the assets at the time of purchase in the stock of Berkshire Hathaway or more than 10% of the assets in the securities of any other single issuer, except for obligations of the U.S. Government, without receiving prior approval from the Plan administrator. As of June 30,

2018, the investment managers can invest no more than 23% of the assets they manage in specified international exchanges, at the time the investment is made, and no less than 10% of the assets could be invested in fixed-income securities.

In determining the expected rate of return on plan assets, the Company considers the relative weighting of plan assets, the historical performance of total plan assets and individual asset classes and economic and other indicators of future performance. In addition, the Company may consult with and consider the input of financial and other professionals in developing appropriate return benchmarks.

The Company evaluated its defined benefit pension plan asset portfolio for the existence of significant concentrations (defined as greater than 10% of plan assets) of credit risk as of June 30, 2018. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country and individual fund. At June 30, 2018 and December 31, 2017, the pension plan held investments in one common stock and one U.S. stock index fund that exceeded 10% of total plan assets. These investments were valued at \$1,053.4 million and \$1,079.3 million at June 30, 2018 and December 31, 2017, respectively, or approximately 45% and 46%, respectively, of total plan assets.

Other Postretirement Plans. The total cost arising from the Company's other postretirement plans consists of the following components:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Service cost	\$ 268	\$ 257	\$ 536	\$ 514
Interest cost	169	194	339	389
Amortization of prior service credit	(44)	(37)	(88)	(74)
Recognized actuarial gain	(921)	(972)	(1,843)	(1,945)
Net Periodic Benefit	\$ (528)	\$ (558)	\$ (1,056)	\$ (1,116)

13. OTHER NON-OPERATING INCOME

A summary of non-operating income is as follows:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
Gain (loss) on sales of businesses	\$ 1,334	\$ —	\$ 7,241	\$ (342)
Gain on sale of a cost method investment	—	—	2,845	—
Gain on sale of land	2,542	—	2,542	—
Foreign currency (loss) gain, net	(2,266)	3,466	(2,089)	5,194
Other, net	723	603	981	66
Total Other Non-Operating Income	\$ 2,333	\$ 4,069	\$ 11,520	\$ 4,918

In the second quarter of 2018, the Company recorded a \$1.4 million contingent consideration gain related to the sale of a business (see Note 2).

In the first quarter of 2018, the Company recorded a \$5.9 million gain on the sale of two businesses in the education division, including a gain of \$4.3 million on the Kaplan University transaction (see Note 2).

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The other comprehensive (loss) income consists of the following components:

(in thousands)	Three Months Ended June 30					
	2018			2017		
	Before-Tax Amount	Income Tax	After-Tax Amount	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:						
Translation adjustments arising during the period	\$ (31,167)	\$ —	\$ (31,167)	\$ 9,638	\$ —	\$ 9,638
Unrealized gains on available-for-sale securities:						
Unrealized gains for the period, net	—	—	—	13,976	(5,591)	8,385
Pension and other postretirement plans:						
Amortization of net prior service cost included in net income	70	(19)	51	120	(48)	72
Amortization of net actuarial gain included in net income	(3,294)	888	(2,406)	(1,568)	627	(941)
	(3,224)	869	(2,355)	(1,448)	579	(869)
Cash flow hedge:						
Gain (loss) for the period	371	(70)	301	(19)	4	(15)
Other Comprehensive (Loss) Income	\$ (34,020)	\$ 799	\$ (33,221)	\$ 22,147	\$ (5,008)	\$ 17,139

(in thousands)	Six Months Ended June 30					
	2018			2017		
	Before-Tax Amount	Income Tax	After-Tax Amount	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:						
Translation adjustments arising during the period	\$ (19,603)	\$ —	\$ (19,603)	\$ 23,306	\$ —	\$ 23,306
Unrealized gains on available-for-sale securities:						
Unrealized gains for the period, net	—	—	—	23,534	(9,414)	14,120
Pension and other postretirement plans:						
Amortization of net prior service cost included in net income	146	(40)	106	240	(96)	144
Amortization of net actuarial gain included in net income	(4,661)	1,257	(3,404)	(3,391)	1,356	(2,035)
	(4,515)	1,217	(3,298)	(3,151)	1,260	(1,891)
Cash flow hedge:						
Gain (loss) for the period	607	(115)	492	(143)	29	(114)
Other Comprehensive (Loss) Income	\$ (23,511)	\$ 1,102	\$ (22,409)	\$ 43,546	\$ (8,125)	\$ 35,421

The accumulated balances related to each component of other comprehensive income (loss) are as follows:

(in thousands, net of taxes)	Cumulative Foreign Currency Translation Adjustment	Unrealized Gain on Available-for-Sale Securities	Unrealized Gain on Pensions and Other Postretirement Plans	Cash Flow Hedge	Accumulated Other Comprehensive Income
Balance as of December 31, 2017	\$ 6,314	\$ 194,889	\$ 334,536	\$ (184)	\$ 535,555
Reclassification of unrealized gains on available-for-sale securities to retained earnings as a result of adoption of new guidance	—	(194,889)	—	—	(194,889)
Other comprehensive (loss) income before reclassifications	(19,603)	—	—	526	(19,077)
Net amount reclassified from accumulated other comprehensive income (loss)	—	—	(3,298)	(34)	(3,332)
Other comprehensive (loss) income, net of tax	(19,603)	—	(3,298)	492	(22,409)
Balance as of June 30, 2018	\$ (13,289)	\$ —	\$ 331,238	\$ 308	\$ 318,257

The amounts and line items of reclassifications out of Accumulated Other Comprehensive Income (Loss) are as follows:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30		Affected Line Item in the Condensed Consolidated Statement of Operations
	2018	2017	2018	2017	
Pension and Other Postretirement Plans:					
Amortization of net prior service cost	\$ 70	\$ 120	\$ 146	\$ 240	(1)
Amortization of net actuarial gain	(3,294)	(1,568)	(4,661)	(3,391)	(1)
	(3,224)	(1,448)	(4,515)	(3,151)	Before tax
	869	579	1,217	1,260	Provision for Income Taxes
	(2,355)	(869)	(3,298)	(1,891)	Net of Tax
Cash Flow Hedge					
	(45)	41	(42)	72	Interest expense
	9	(8)	8	(14)	Provision for Income Taxes
	(36)	33	(34)	58	Net of Tax
Total reclassification for the period	\$ (2,391)	\$ (836)	\$ (3,332)	\$ (1,833)	Net of Tax

(1) These accumulated other comprehensive income components are components of net periodic pension and postretirement plan cost (see Note 12) and are included in non-operating pension and postretirement benefit income in the Company's Condensed Consolidated Statements of Operations.

15. CONTINGENCIES

Litigation, Legal and Other Matters. The Company and its subsidiaries are subject to complaints and administrative proceedings and are defendants in various civil lawsuits that have arisen in the ordinary course of their businesses, including contract disputes; actions alleging negligence, libel, defamation, invasion of privacy; trademark, copyright and patent infringement; U.S. False Claims Act (False Claims Act) violations; violations of applicable wage and hour laws; and statutory or common law claims involving current and former students and employees. Although the outcomes of the legal claims and proceedings against the Company cannot be predicted with certainty, based on currently available information, management believes that there are no existing claims or proceedings that are likely to have a material effect on the Company's business, financial condition, results of operations or cash flows. However, based on currently available information, management believes it is reasonably possible that future losses from existing and threatened legal, regulatory and other proceedings in excess of the amounts recorded could reach approximately \$35 million.

Her Majesty's Revenue and Customs (HMRC), a department of the U.K. government responsible for the collection of taxes, has raised assessments against the Kaplan U.K. Pathways business for Value Added Tax (VAT) relating to 2017 and earlier years, which have been paid by Kaplan. Kaplan is continuing to pay the disputed VAT for subsequent periods. Kaplan has challenged these assessments and the case is currently on appeal to a tax tribunal with a hearing expected later in 2018 or 2019. The Company believes it has met all requirements under U.K. VAT law and expects to recover the £15.4 million receivable related to the assessments that have been paid. If the Company does not prevail in this case, a pre-tax charge of £15.4 million will be recorded to operating expense in the Company's condensed consolidated statement of operations.

In March 2018, HMRC issued VAT guidance with an effective date of May 31, 2018 that could impact the U.K. Pathways business if this guidance were to become law; this new guidance is separate from the VAT case discussed above. The Company is in the process of reviewing this new guidance, and considering the possibility that this guidance could be part of U.K. legislation in the future. If the Company is not successful in preserving a valid exemption under U.K. VAT law, the U.K. Pathways business would incur additional VAT expense in the future.

Department of Education (ED) Program Reviews. The ED has undertaken program reviews at various KHE locations. On February 23, 2015, the ED began a review of Kaplan University (KU). The review will assess Kaplan's administration of its Title IV and Higher Education Act programs and will initially focus on the 2013 to 2014 and 2014 to 2015 award years. The ED has not notified KHE of any negative findings. However, at this time, Kaplan cannot predict the outcome of this review, when it will be completed or any liability or other limitations that the ED may place on KHE as a result of this review. In addition, there are two open program reviews at campuses that were part of the KHE Campuses business prior to its sale in 2015 to Education Corporation of America (ECA), and we await the ED's final reports on the program reviews at former KHE Broomall, PA; and Pittsburgh, PA, locations. Kaplan retains responsibility for any financial obligation resulting from the ED program reviews at KU and KHE Campuses business that were open at the time of sale.

The Company does not expect the open program reviews to have a material impact on KHE; however, the results of open program reviews and their impact on Kaplan's operations are uncertain.

16. BUSINESS SEGMENTS

As a result of the Kaplan University transaction, the Company reorganized its operations in the first quarter of 2018 into the following six reportable segments for the purpose of making operating decisions and assessing performance: Kaplan International, Kaplan Higher Education, Kaplan Test Preparation, Kaplan Professional (U.S.), Television Broadcasting and Healthcare.

Kaplan reorganized its higher education operations into the following two operating segments: Higher Education and Professional (U.S.). The higher education segment comprises the historical KU for-profit postsecondary education business and the current non-academic operations support services provided to the new university, Purdue University Global. The Professional (U.S.) segment comprises the KU School of Professional and Continuing Education, which provides professional training and exam preparation for professional certifications and licensures.

The business segments disclosed in the condensed consolidated financial statements are based on this new organizational structure and information reviewed by the Company's management to evaluate the business segment results. Segment operating results have been restated to reflect this organizational change.

The following table summarizes the financial information related to each of the Company's business segments:

(in thousands)	Three Months Ended		Six months ended	
	June 30		June 30	
	2018	2017	2018	2017
Operating Revenues				
Education	\$ 370,005	\$ 386,499	\$ 745,504	\$ 759,396
Television broadcasting	114,086	106,102	222,888	197,598
Healthcare	38,208	38,220	75,829	75,119
Other businesses	150,399	145,266	287,937	226,691
Corporate office	—	—	—	—
Intersegment elimination	(21)	—	(45)	—
	\$ 672,677	\$ 676,087	\$ 1,332,113	\$ 1,258,804
Income (Loss) from Operations				
Education	\$ 37,554	\$ 33,331	\$ 60,254	\$ 42,768
Television broadcasting	41,118	39,777	81,660	66,260
Healthcare	764	384	(627)	(542)
Other businesses	(1,054)	(9,302)	(4,749)	(18,940)
Corporate office	(12,756)	(14,449)	(26,698)	(29,552)
	\$ 65,626	\$ 49,741	\$ 109,840	\$ 59,994
Equity in Earnings (Losses) of Affiliates, Net	931	1,331	3,510	1,980
Interest Expense, Net	(15,264)	(7,862)	(21,963)	(14,628)
Debt Extinguishment Costs	(11,378)	—	(11,378)	—
Non-Operating Pension and Postretirement Benefit Income, Net	23,041	18,620	44,427	37,421
Loss on Marketable Equity Securities, Net	(2,554)	—	(16,656)	—
Other Income, Net	2,333	4,069	11,520	4,918
Income Before Income Taxes	\$ 62,735	\$ 65,899	\$ 119,300	\$ 89,685
Depreciation of Property, Plant and Equipment				
Education	\$ 6,839	\$ 8,325	\$ 14,445	\$ 16,909
Television broadcasting	2,974	2,991	6,045	5,585
Healthcare	647	1,194	1,300	2,263
Other businesses	2,906	3,070	5,965	5,185
Corporate office	253	291	506	581
	\$ 13,619	\$ 15,871	\$ 28,261	\$ 30,523
Amortization of Intangible Assets and Impairment of Goodwill and Other Long-Lived Assets				
Education	\$ 1,663	\$ 1,323	\$ 2,812	\$ 2,443
Television broadcasting	1,408	970	2,816	1,872
Healthcare	1,809	1,644	3,617	3,298
Other businesses	6,519	15,818	12,538	18,978
Corporate office	—	—	—	—
	\$ 11,399	\$ 19,755	\$ 21,783	\$ 26,591
Pension Expense				
Education	\$ 1,878	\$ 2,153	\$ 4,542	\$ 4,859
Television broadcasting	601	479	1,094	972
Healthcare	165	166	287	332
Other businesses	378	249	667	566
Corporate office	1,295	1,544	2,667	2,776
	\$ 4,317	\$ 4,591	\$ 9,257	\$ 9,505

Asset information for the Company's business segments are as follows:

(in thousands)	As of	
	June 30, 2018	December 31, 2017
Identifiable Assets		
Education	\$ 1,543,166	\$ 1,592,097
Television broadcasting	454,180	455,884
Healthcare	119,231	129,856
Other businesses	790,735	855,399
Corporate office	146,645	182,905
	\$ 3,053,957	\$ 3,216,141
Marketable Equity Securities	452,917	536,315
Investments in Affiliates	133,550	128,590
Prepaid Pension Cost	1,090,509	1,056,777
Total Assets	\$ 4,730,933	\$ 4,937,823

The Company's education division comprises the following operating segments:

(in thousands)	Three Months Ended		Six months ended	
	June 30		June 30	
	2018	2017	2018	2017
Operating Revenues				
Kaplan international	\$ 184,303	\$ 171,747	\$ 367,885	\$ 336,309
Higher education	85,981	111,840	185,811	222,951
Test preparation	68,604	75,730	127,755	140,298
Professional (U.S.)	31,057	27,364	64,413	60,563
Kaplan corporate and other	442	57	727	71
Intersegment elimination	(382)	(239)	(1,087)	(796)
	\$ 370,005	\$ 386,499	\$ 745,504	\$ 759,396
Income (Loss) from Operations				
Kaplan international	\$ 24,187	\$ 15,954	\$ 44,591	\$ 23,661
Higher education	11,219	13,140	12,574	15,586
Test preparation	6,120	5,741	6,641	2,877
Professional (U.S.)	4,780	4,571	14,095	14,729
Kaplan corporate and other	(8,763)	(6,045)	(17,658)	(14,108)
Intersegment elimination	11	(30)	11	23
	\$ 37,554	\$ 33,331	\$ 60,254	\$ 42,768
Depreciation of Property, Plant and Equipment				
Kaplan international	\$ 3,764	\$ 3,609	\$ 7,738	\$ 7,291
Higher education	1,274	2,484	3,132	5,132
Test preparation	973	1,332	1,951	2,673
Professional (U.S.)	670	765	1,312	1,548
Kaplan corporate and other	158	135	312	265
	\$ 6,839	\$ 8,325	\$ 14,445	\$ 16,909
Amortization of Intangible Assets	\$ 1,663	\$ 1,323	\$ 2,812	\$ 2,443
Pension Expense				
Kaplan international	\$ 84	\$ 87	\$ 167	\$ 174
Higher education	804	1,742	2,210	3,484
Test preparation	729	911	1,458	1,822
Professional (U.S.)	290	302	580	604
Kaplan corporate and other	(29)	(889)	127	(1,225)
	\$ 1,878	\$ 2,153	\$ 4,542	\$ 4,859

Asset information for the Company's education division is as follows:

(in thousands)	As of	
	June 30, 2018	December 31, 2017
Identifiable assets		
Kaplan international	\$ 1,049,790	\$ 1,115,919
Higher education	224,272	231,986
Test preparation	132,067	130,938
Professional (U.S.)	121,711	91,630
Kaplan corporate and other	15,326	21,624
	<u>\$ 1,543,166</u>	<u>\$ 1,592,097</u>

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.

This analysis should be read in conjunction with the condensed consolidated financial statements and the notes thereto.

Results of Operations

The Company reported net income attributable to common shares of \$46.6 million (\$8.63 per share) for the second quarter of 2018, compared to \$42.0 million (\$7.46 per share) for the second quarter of 2017.

Items included in the Company's net income for the second quarter of 2018:

- \$6.2 million in interest expense related to the settlement of a mandatorily redeemable noncontrolling interest (\$1.14 per share);
- \$11.4 million in debt extinguishment costs (after-tax impact of \$8.6 million, or \$1.60 per share);
- \$2.6 million in net losses on marketable equity securities (after-tax impact of \$1.9 million or \$0.36 per share); and
- \$2.3 million in non-operating foreign currency losses (after-tax impact of \$1.7 million, or \$0.32 per share).

Items included in the Company's net income for the second quarter of 2017:

- a \$9.2 million goodwill and other long-lived asset impairment charge in other businesses (after-tax impact of \$5.8 million, or \$1.03 per share); and
- \$3.5 million in non-operating foreign currency gains (after-tax impact of \$2.2 million, or \$0.39 per share).

Revenue for the second quarter of 2018 was \$672.7 million, down 1% from \$676.1 million in the second quarter of 2017. Revenues declined at the education division, offset by growth at the television broadcasting and manufacturing businesses. The Company reported operating income of \$65.6 million for the second quarter of 2018, compared to \$49.7 million for the second quarter of 2017. The operating income increase is driven by higher earnings at the education, television broadcasting and manufacturing businesses.

For the first six months of 2018, the Company reported net income attributable to common shares of \$89.5 million (\$16.40 per share), compared to \$63.1 million (\$11.21 per share) for the first six months of 2017.

Items included in the Company's net income for the first six months of 2018:

- \$6.2 million in interest expense related to the settlement of a mandatorily redeemable noncontrolling interest (\$1.14 per share);
- \$11.4 million in debt extinguishment costs (after-tax impact of \$8.6 million, or \$1.60 per share);
- \$16.7 million in net losses on marketable equity securities (after-tax impact of \$12.7 million, or \$2.30 per share);
- a \$4.3 million gain on the Kaplan University Transaction (after-tax impact of \$1.8 million, or \$0.33 per share);
- \$2.1 million in non-operating foreign currency losses (after-tax impact of \$1.6 million, or \$0.30 per share); and
- \$1.8 million in income tax benefits related to stock compensation (\$0.33 per share).

Items included in the Company's net income for the first six months of 2017:

- a \$9.2 million goodwill and other long-lived asset impairment charge in other businesses (after-tax impact of \$5.8 million, or \$1.03 per share);
- \$5.2 million in non-operating foreign currency gains (after-tax impact of \$3.3 million, or \$0.58 per share); and
- \$5.9 million in income tax benefits related to stock compensation (\$1.06 per share).

Revenue for the first six months of 2018 was \$1,332.1 million, up 6% from \$1,258.8 million in the first six months of 2017. Revenues increased at the television broadcasting and manufacturing businesses, offset by a decline at the education division. The Company reported operating income of \$109.8 million for the first six months of 2018, compared to \$60.0 million for first six months of 2017. Operating results improved at the education, television broadcasting and manufacturing businesses.

On April 27, 2017, certain subsidiaries of Kaplan, Inc. (Kaplan), a subsidiary of Graham Holdings Company entered into a Contribution and Transfer Agreement (Transfer Agreement) to contribute the institutional assets and

operations of Kaplan University (KU) to an Indiana non-profit, public-benefit corporation that is a subsidiary affiliated with Purdue University (Purdue). The closing of the transactions contemplated by the Transfer Agreement occurred on March 22, 2018. At the same time, the parties entered into a Transition and Operations Support Agreement (TOSA) pursuant to which Kaplan will provide key non-academic operations support to the new university. The new university will operate almost exclusively online as a new Indiana public university affiliated with Purdue under the name Purdue University Global (Purdue Global).

Division Results

Education

Education division revenue totaled \$370.0 million for the second quarter of 2018, down 4% from \$386.5 million for the same period of 2017. Kaplan reported operating income of \$37.6 million for the second quarter of 2018, up 13% from \$33.3 million for the second quarter of 2017.

For the first six months of 2018, education division revenue totaled \$745.5 million, down 2% from revenue of \$759.4 million for the same period of 2017. Kaplan reported operating income of \$60.3 million for the first six months of 2018, a 41% increase from \$42.8 million for the first six months of 2017.

As a result of the KU Transaction that closed on March 22, 2018, the Company has revised the financial reporting for its education division to provide operating results for Higher Education and Professional (U.S.).

A summary of Kaplan's operating results is as follows:

(in thousands)	Three Months Ended			Six Months Ended		
	June 30			June 30		
	2018	2017	% Change	2018	2017	% Change
Revenue						
Kaplan international	\$ 184,303	\$ 171,747	7	\$ 367,885	\$ 336,309	9
Higher education	85,981	111,840	(23)	185,811	222,951	(17)
Test preparation	68,604	75,730	(9)	127,755	140,298	(9)
Professional (U.S.)	31,057	27,364	13	64,413	60,563	6
Kaplan corporate and other	442	57	—	727	71	—
Intersegment elimination	(382)	(239)	—	(1,087)	(796)	—
	<u>\$ 370,005</u>	<u>\$ 386,499</u>	(4)	<u>\$ 745,504</u>	<u>\$ 759,396</u>	(2)
Operating Income (Loss)						
Kaplan international	\$ 24,187	\$ 15,954	52	\$ 44,591	\$ 23,661	88
Higher education	11,219	13,140	(15)	12,574	15,586	(19)
Test preparation	6,120	5,741	7	6,641	2,877	—
Professional (U.S.)	4,780	4,571	5	14,095	14,729	(4)
Kaplan corporate and other	(7,100)	(4,722)	(50)	(14,846)	(11,665)	(27)
Amortization of intangible assets	(1,663)	(1,323)	(26)	(2,812)	(2,443)	(15)
Intersegment elimination	11	(30)	—	11	23	—
	<u>\$ 37,554</u>	<u>\$ 33,331</u>	13	<u>\$ 60,254</u>	<u>\$ 42,768</u>	41

Kaplan International includes English-language programs, and postsecondary education and professional training businesses largely outside the United States. Kaplan International revenue increased 7% and 9% for the second quarter and first six months of 2018, respectively. On a constant currency basis, revenue increased 3% for both the second quarter and first six months of 2018. Operating income increased to \$24.2 million in the second quarter of 2018, compared to \$16.0 million in the second quarter of 2017. Operating income increased to \$44.6 million for the first six months of 2018, compared to \$23.7 million for the same period of 2017. These increases are due largely to improved results at Pathways, UK Professional, English-language and MPW.

In March 2018, Her Majesty's Revenue and Customs, a department of the U.K. government responsible for the collection of taxes, issued VAT guidance with an effective date of May 31, 2018 that could impact the U.K. Pathways business if this guidance were to become law. The Company is in the process of reviewing this new guidance, and considering the possibility that this guidance could be part of U.K. legislation in the future. If the Company is not successful in preserving a valid exemption under U.K. VAT law, the U.K. Pathways business would likely incur additional VAT expense of an estimated £4.5 million per year.

Prior to the KU Transaction closing on March 22, 2018, Higher Education included Kaplan's domestic postsecondary education businesses, made up of fixed-facility colleges and online postsecondary and career programs. Following the KU Transaction closing, the Higher Education division includes the results as a service provider to higher education institutions. The costs and expenses incurred by Kaplan as a service provider to higher education institutions are generally classified as operating; prior to the KU Transaction, a portion of these costs and expenses were classified as selling, general and administrative.

In the second quarter and first six months of 2018, Higher Education revenue was down 23% and 17%, respectively, and operating results declined, due largely to the sale of KU on March 22, 2018 and fewer average enrollments at KU prior to the sale. The Company recorded the service fee with Purdue Global in the second quarter of 2018, based on an assessment of its collectability under the TOSA. The Company will continue to assess the collectability of the service fee with Purdue Global on a quarterly basis to make a determination as to whether to record all or part of the service fee in the future.

Kaplan Test Preparation (KTP) includes Kaplan's standardized test preparation programs. KTP revenue declined 9% for the second quarter and first six months of 2018 due to soft enrollments in certain test preparation programs and the disposition of Dev Bootcamp, which made up the majority of KTP's new economy skills training programs. KTP operating results improved in the second quarter and first six months of 2018, due primarily to decreased losses from the new economy skills training programs. Operating losses for the new economy skills training programs were \$1.8 million and \$7.2 million for the first six months of 2018 and 2017, respectively. Dev Bootcamp was closed in the second half of 2017.

Kaplan Professional (U.S.) includes the domestic professional and other continuing education businesses. In the second quarter of 2018, Kaplan Professional (U.S.) revenue was up 13% and operating results improved 5%, due partly to the May 2018 acquisition of Professional Publications, Inc. (PPI), an independent publisher of professional licensing exam review materials that provides engineering, surveying, architecture, and interior design licensure exam review products. Revenues were up 6% for the first half of 2018, while operating results decreased 4% due to increased spending on sales and technology.

Kaplan corporate and other represents unallocated expenses of Kaplan, Inc.'s corporate office, other minor businesses and certain shared activities, with increased healthcare and pension expense in 2018.

Television Broadcasting

Revenue at the television broadcasting division increased 8% to \$114.1 million in the second quarter of 2018, from \$106.1 million in the same period of 2017 due to an \$8.7 million increase in retransmission revenues and a \$3.9 million increase in political advertising revenue. Operating income for the second quarter of 2018 increased 3% to \$41.1 million, from \$39.8 million in the same period of 2017 due to higher revenues.

Revenue at the television broadcasting division increased 13% to \$222.9 million in the first six months of 2018, from \$197.6 million in the same period of 2017. The revenue increase is due primarily to \$16.9 million in higher retransmission revenues, \$8.6 million in 2018 incremental winter Olympics-related advertising revenue at the Company's NBC stations, and a \$6.1 million increase in political advertising revenue. Operating income for the first six months of 2018 increased 23% to \$81.7 million from \$66.3 million in the same period of 2017, due to higher revenues.

In the first half of 2018, the television broadcasting division recorded a \$1.1 million reduction to operating expenses related to non-cash property, plant and equipment gains due to new equipment received at no cost in connection with the spectrum repacking mandate of the FCC.

Healthcare

The Graham Healthcare Group (GHG) provides home health and hospice services in three states. At the end of June 2017, GHG acquired Hometown Home Health and Hospice, a Lapeer, MI-based healthcare services provider. Healthcare revenues were up 1% in the first six months of 2018, while overall operating results were similar to results in 2017.

Other Businesses

A summary of Other Businesses' operating results is as follows:

(in thousands)	Three Months Ended			Six Months Ended		
	June 30		%	June 30		%
	2018	2017		2018	2017	
Operating Revenues						
Manufacturing	\$ 126,462	\$ 120,672	5	\$ 243,868	\$ 182,570	34
SocialCode	14,770	14,855	(1)	28,069	27,429	2
Other	9,167	9,739	(6)	16,000	16,692	(4)
	<u>\$ 150,399</u>	<u>\$ 145,266</u>	4	<u>\$ 287,937</u>	<u>\$ 226,691</u>	27
Operating Expenses						
Manufacturing	\$ 117,797	\$ 124,847	(6)	\$ 226,575	\$ 183,080	24
SocialCode	16,512	12,251	35	33,592	29,333	15
Other	17,144	17,470	(2)	32,519	33,218	(2)
	<u>\$ 151,453</u>	<u>\$ 154,568</u>	(2)	<u>\$ 292,686</u>	<u>\$ 245,631</u>	19
Operating Income (Loss)						
Manufacturing	\$ 8,665	\$ (4,175)	—	\$ 17,293	\$ (510)	—
SocialCode	(1,742)	2,604	—	(5,523)	(1,904)	—
Other	(7,977)	(7,731)	(3)	(16,519)	(16,526)	—
	<u>\$ (1,054)</u>	<u>\$ (9,302)</u>	89	<u>\$ (4,749)</u>	<u>\$ (18,940)</u>	75
Depreciation						
Manufacturing	\$ 2,331	\$ 2,404	(3)	\$ 4,782	\$ 3,912	22
SocialCode	200	251	(20)	433	497	(13)
Other	375	415	(10)	750	776	(3)
	<u>\$ 2,906</u>	<u>\$ 3,070</u>	(5)	<u>\$ 5,965</u>	<u>\$ 5,185</u>	15
Amortization of Intangible Assets and Impairment of Goodwill and Other Long-Lived Assets						
Manufacturing	\$ 5,935	\$ 15,734	(62)	\$ 11,871	\$ 18,811	(37)
SocialCode	584	84	—	667	167	—
Other	—	—	—	—	—	—
	<u>\$ 6,519</u>	<u>\$ 15,818</u>	(59)	<u>\$ 12,538</u>	<u>\$ 18,978</u>	(34)
Pension Expense						
Manufacturing	\$ 19	\$ 22	(14)	\$ 36	\$ 47	(23)
SocialCode	205	142	44	361	296	22
Other	154	85	81	270	223	21
	<u>\$ 378</u>	<u>\$ 249</u>	52	<u>\$ 667</u>	<u>\$ 566</u>	18

Manufacturing includes four businesses: Dekko, a manufacturer of electrical workspace solutions, architectural lighting and electrical components and assemblies; Joyce/Dayton Corp., a manufacturer of screw jacks and other linear motion systems; Forney, a global supplier of products and systems that control and monitor combustion processes in electric utility and industrial applications; and Hoover Treated Wood Products, Inc., a supplier of pressure impregnated kiln-dried lumber and plywood products for fire retardant and preservative applications that the Company acquired in April 2017.

Manufacturing revenues and operating income increased in the second quarter and first six months of 2018 due primarily to the Hoover acquisition.

In the second quarter of 2017, the Company recorded a \$9.2 million goodwill and other long-lived asset impairment charge at Forney, due to lower than expected revenues resulting from sluggish overall demand for its energy products.

SocialCode is a provider of marketing solutions on social, mobile and video platforms. SocialCode revenue increased 2% for the first six months of 2018, due to modest growth in digital advertising service revenues. SocialCode reported operating losses of \$1.7 million and \$5.5 million in the second quarter and first six months of 2018, respectively, compared to operating income of \$2.6 million and an operating loss of \$1.9 million in the second quarter and first six months of 2017, respectively. The decline in 2018 results is largely attributable to a \$4.7 million and \$3.9 million credit related to SocialCode's phantom equity plan that was included in the second quarter and first six months of 2017, respectively. As of June 30, 2018, the accrual balance related to these plans is \$15.3 million.

Other businesses include Slate and Foreign Policy, which publish online and print magazines and websites; and two investment stage businesses, Panopoly and CyberVista. Losses from each of these businesses in the first half of 2018 adversely affected operating results.

Corporate Office

Corporate office includes the expenses of the Company's corporate office and certain continuing obligations related to prior business dispositions.

Equity in Earnings (Losses) of Affiliates

At June 30, 2018, the Company held interests in a number of home health and hospice joint ventures, and interests in several other affiliates. In the second half of 2017, the Company acquired approximately 11% of Intersection Holdings, LLC, which provides digital marketing and advertising services and products for cities, transit systems, airports, and other public and private spaces. The Company recorded equity in earnings of affiliates of \$0.9 million for the second quarter of 2018, compared to \$1.3 million for the second quarter of 2017. The Company recorded equity in earnings of affiliates of \$3.5 million for the first six months of 2018, compared to \$2.0 million for the first six months of 2017.

Net Interest Expense, Debt Extinguishment Costs and Related Balances

On May 30, 2018, the Company issued 5.75% unsecured eight-year fixed-rate notes due June 1, 2026. Interest is payable semi-annually on June 1 and December 1, beginning on December 1, 2018. On June 29, 2018, the Company used the net proceeds from the sale of the notes and other cash to repay \$400 million of 7.25% notes that were due February 1, 2019. The Company incurred \$11.4 million in debt extinguishment costs related to the early termination of the 7.25% notes.

The Company incurred net interest expense of \$15.3 million and \$22.0 million for the second quarter and first six months of 2018, compared to \$7.9 million and \$14.6 million for the second quarter and first six months of 2017. The Company incurred \$6.2 million in interest expense related to the mandatorily redeemable noncontrolling interest at the Graham Healthcare Group settled in the second quarter of 2018. The increased interest expense in 2018 is also due to both the \$400 million eight-year and ten-year notes outstanding for the month of June 2018.

At June 30, 2018, the Company had \$485.3 million in borrowings outstanding at an average interest rate of 5.0% and cash, marketable equity securities and other investments of \$776.9 million.

Non-operating Pension and Postretirement Benefit Income, net

In the first quarter of 2018, the Company adopted new accounting guidance that changes the income statement classification of net periodic pension and postretirement pension cost. Under the new guidance, service cost is included in operating income, while the other components (including expected return on assets) are included in non-operating income. The new guidance was required to be applied retrospectively, with prior period financial information revised to reflect the reclassification. From a segment reporting perspective, this change had a significant impact on Corporate office reporting, with minimal impact on the television broadcasting and Kaplan corporate reporting.

The Company recorded net non-operating pension and postretirement benefit income of \$23.0 million and \$44.4 million for the second quarter and first six months of 2018, compared to \$18.6 million and \$37.4 million for the second quarter and first six months of 2017.

Loss on Marketable Equity Securities, net

In the first quarter of 2018, the Company adopted new guidance that requires changes in the fair value of marketable equity securities to be included in non-operating income (expense) on a prospective basis. Overall, the Company recognized \$2.6 million and \$16.7 million in net losses on marketable equity securities in the second quarter and first six months of 2018, respectively.

Other Non-Operating Income (Expense)

The Company recorded total other non-operating income, net, of \$2.3 million for the second quarter of 2018, compared to \$4.1 million for the second quarter of 2017. The 2018 amounts included a \$1.4 million contingent consideration gain related to the sale of a business; a \$2.5 million gain on sale of land and other items; partially offset by \$2.3 million in foreign currency losses. The 2017 amounts included \$3.5 million in foreign currency gains, and other items.

The Company recorded total other non-operating income, net, of \$11.5 million for the first six months of 2018, compared to \$4.9 million for the first six months of 2017. The 2018 amounts included a \$7.2 million gain on sales of businesses and related contingent consideration; a \$2.8 million gain on sale of a cost method investment; a \$2.5 million gain on sale of land and other items; offset by \$2.1 million in foreign currency losses. The 2017 amounts included \$5.2 million in foreign currency gains, offset by other items.

Provision for Income Taxes

The Company's effective tax rate for the first six months of 2018 was 24.9%. The Tax Cuts and Jobs Act was enacted in December 2017, which included lowering the federal corporate income tax rate from 35% to 21%.

The Company's effective tax rate for the first six months of 2017 was 29.7%. This low effective tax rate is due to a \$5.9 million income tax benefit related to the vesting of restricted stock awards. In the first quarter of 2017, the Company adopted a new accounting standard that requires all excess income tax benefits and deficiencies from stock compensation to be recorded as discrete items in the provision for income taxes. Excluding this \$5.9 million benefit, the overall income tax rate for the first six months of 2017 was 36.3%.

Earnings Per Share

The calculation of diluted earnings per share for the second quarter and first six months of 2018 was based on 5,362,277 and 5,417,162 weighted average shares outstanding, compared to 5,577,275 and 5,573,167 for the second quarter and first six months of 2017. At June 30, 2018, there were 5,346,550 shares outstanding. On November 9, 2017, the Board of Directors authorized the Company to acquire up to 500,000 shares of its Class B common stock; the Company has remaining authorization for 315,646 shares as of June 30, 2018.

Adoption of Revenue Recognition Standard

On January 1, 2018, the Company adopted the new revenue recognition guidance using the modified retrospective approach. If the company applied the accounting policies under the previous guidance, revenue would have been \$1.3 million lower and operating expenses would have been \$0.8 million lower for the first six months of 2018.

Financial Condition: Capital Resources and Liquidity

Acquisitions, Dispositions and Exchanges

Acquisitions. On July 31, 2018, Dekko closed on an agreement to acquire 100% of the issued and outstanding shares of Furnlite, Inc., a Fallston, NC-based manufacturer of power and data solutions for the hospitality and residential furniture industry. Dekko's primary reasons for the acquisition are to complement existing product offerings and to provide potential synergies across the businesses. The acquisition will be included in other businesses.

On July 12, 2018, Kaplan closed on its agreement to acquire 100% of the issued and outstanding shares of the College for Financial Planning (CFFP), a provider of financial education and training to individuals pursuing the Certified Financial Planner certification, a Master of Science in Personal Financial Planning, or a Master of Science in Finance. The acquisition is expected to expand Kaplan's financial education product offerings and will be included in the Professional (U.S.) division.

In the first six months of 2018, the Company acquired three businesses in its education division for \$26.2 million.

In May 2018, Kaplan acquired a 100% interest in Professional Publications, Inc. (PPI), an independent publisher of professional licensing exam review materials and a leader in engineering, surveying, architecture, and interior design licensure exam review, by purchasing all of its issued and outstanding shares. This acquisition is expected to provide certain strategic benefits in the future. This acquisition is included in the Professional (U.S.) division.

In January and February 2018, Kaplan acquired the assets of i-Human Patients, Inc., a leader in cloud-based, interactive patient encounter simulations for medical and nursing professionals and educators, and another small business in its test preparation and international divisions, respectively. These acquisitions are expected to provide strategic benefits in the future.

During 2017, the Company acquired six businesses, two in its education division, two in its television broadcasting division, one in its healthcare division and one in other businesses for \$318.9 million in cash and contingent consideration, and the assumption of \$59.1 million in certain pension and postretirement obligations.

On January 17, 2017, the Company closed on its agreement with Nexstar Broadcasting Group, Inc. and Media General, Inc. to acquire the assets of WCWJ, a CW affiliate television station in Jacksonville, FL and WSLS, an NBC affiliate television station in Roanoke, VA, for cash and the assumption of certain pension obligations. The acquisition of WCWJ and WSLS will complement the other stations that GMG operates. Both of these acquisitions are included in television broadcasting.

In February 2017, Kaplan acquired a 100% interest in Genesis Training Institute, a Dubai-based provider of professional development training in the United Arab Emirates, by purchasing all of its issued and outstanding shares. Additionally, Kaplan acquired a 100% interest in Red Marker Pty Ltd, an Australia-based regulatory

technology company by purchasing all of its outstanding shares. These acquisitions are expected to provide certain strategic benefits in the future. Both of these acquisitions are included in Kaplan International.

In April 2017, the Company acquired 97.72% of the issued and outstanding shares of Hoover Treated Wood Products, Inc., a Thomson, GA-based supplier of pressure impregnated kiln-dried lumber and plywood products for fire retardant and preservative applications for \$206.8 million, net of cash acquired. The fair value of the redeemable noncontrolling interest in Hoover was \$3.7 million at the acquisition date, determined using a market approach. The minority shareholders have an option to put some of their shares to the Company starting in 2019 and the remaining shares starting in 2021. The Company has an option to buy the shares of minority shareholders starting in 2027. This acquisition is consistent with the Company's ongoing strategy of investing in companies with a history of profitability and strong management. Hoover is included in other businesses.

At the end of June 2017, Graham Healthcare Group (GHG) acquired a 100% interest in Hometown Home Health and Hospice, a Lapeer, MI-based healthcare services provider by purchasing all of its issued and outstanding shares. This acquisition expands GHG's service area in Michigan. GHG is included in healthcare.

Kaplan University Transaction. On April 27, 2017, certain subsidiaries of Kaplan entered into a Contribution and Transfer Agreement to contribute the institutional assets and operations of Kaplan University to an Indiana non-profit, public-benefit corporation that is a subsidiary affiliated with Purdue University. The closing of the transactions contemplated by the Transfer Agreement occurred on March 22, 2018. At the same time, the parties entered into a Transition and Operations Support Agreement (TOSA) pursuant to which Kaplan will provide key non-academic operations support to the new university.

The new university will operate almost exclusively online as a new Indiana public university affiliated with Purdue under the name Purdue University Global. As part of the transfer to Purdue University Global, KU transferred students, academic personnel, faculty and operations, property leases for KU's campuses and learning centers, Kaplan-owned academic curricula and content related to KU courses. The operations support activities that Kaplan will provide to Purdue University Global will include technology support, help-desk functions, human resources support for transferred faculty and employees, admissions support, financial aid administration, marketing and advertising, back-office business functions, certain test preparation and domestic and international student recruiting services.

The transfer of KU does not include any of the assets of the KU School of Professional and Continuing Education, which provides professional training and exam preparation for professional certifications and licensures, nor does it include the transfer of other Kaplan businesses such as Kaplan Test Preparation and Kaplan International. Those entities, programs and business lines will remain part of Kaplan. Kaplan received nominal cash consideration upon transfer of the institutional assets.

Pursuant to the TOSA, Kaplan is not entitled to receive any reimbursement of costs incurred in providing support functions, or any fee, unless and until Purdue University Global has first covered all of its operating costs (subject to a cap). If Purdue University Global achieves cost efficiencies in its operations, then Purdue University Global may be entitled to an additional payment equal to 20 percent of such cost efficiencies (Purdue Efficiency Payment). In addition, during each of Purdue University Global's first five years, prior to any payment to Kaplan, Purdue University Global is entitled to a priority payment of \$10 million per year beyond costs. To the extent Purdue University Global's revenue is insufficient to pay the \$10 million per year priority payment, Kaplan is required to advance an amount to Purdue University Global to cover such insufficiency. At closing, Kaplan paid to Purdue University Global an advance in the amount of \$20 million, representing, and in lieu of, priority payments for Purdue University Global's fiscal years ending June 30, 2019 and June 30, 2020.

To the extent that there are sufficient revenues to pay the Purdue Efficiency Payment, Purdue University Global is reimbursed for its operating costs (subject to a cap) and the priority payment to Purdue University Global is paid. To the extent there is remaining revenue, Kaplan will then receive reimbursement for its operating costs (subject to a cap) of providing the support activities. If Kaplan achieves cost efficiencies in its operations, then Kaplan may be entitled to an additional payment equal to 20 percent of such cost efficiencies (Kaplan Efficiency Payment). If there are sufficient revenues, Kaplan may also receive a fee equal to 12.5 percent of Purdue University Global's revenue. The fee will increase to 13 percent beginning with Purdue University Global's fiscal year ending June 30, 2023 and continuing through Purdue University Global's fiscal year ending June 30, 2027, and then the fee will return to 12.5 percent thereafter. Subject to certain limitations, a portion of the fee that is earned by Kaplan in one year may be carried over and instead paid to Kaplan in subsequent years.

After the first five years of the TOSA, Kaplan and Purdue University Global will be entitled to payments in a manner consistent with the structure described above, except that (i) Purdue University Global will no longer be entitled to a priority payment and (ii) to the extent that there are sufficient revenues after payment of the Kaplan Efficiency Payment (if any), Purdue University Global will be entitled to an annual payment equal to 10 percent of the remaining revenue after the Kaplan Efficiency Payment (if any) is paid and subject to certain other adjustments. The

TOSA has a 30-year initial term, which will automatically renew for five-year periods unless terminated. After the sixth year, Purdue University Global has the right to terminate the agreement upon payment of a termination fee equal to 1.25 times Purdue University Global's revenue for the preceding 12-month period, which payment would be made pursuant to a 10-year note, and at the election of Purdue University Global, it may receive for no additional consideration certain assets used by Kaplan to provide the support activities pursuant to the TOSA. At the end of the 30-year term, if Purdue University Global does not renew the TOSA, Purdue University Global will be obligated to make a final payment of 75% of its total revenue earned during the preceding 12-month period, which payment will be made pursuant to a 10-year note, and at the election of Purdue University Global, it may receive for no additional consideration certain assets used by Kaplan to provide the support activities pursuant to the TOSA.

Either party may terminate the TOSA at any time if Purdue University Global generates (i) \$25 million in cash operating losses for three consecutive years or (ii) aggregate cash operating losses greater than \$75 million at any point during the initial term. Operating loss is defined as the amount of revenue Purdue University Global generates minus the sum of (1) Purdue University Global's and Kaplan's respective costs in performing academic and support functions and (2) the \$10 million priority payment to Purdue University Global in each of the first five years. Upon termination for any reason, Purdue University Global will retain the assets that Kaplan contributed pursuant to the Transfer Agreement. Each party also has certain termination rights in connection with a material default or material breach of the TOSA by the other party.

Pursuant to the U.S. Department of Education (ED) requirements, Purdue assumes responsibility for any liability arising from the operation of the institution. This assumption will not limit Kaplan's obligation to indemnify Purdue for pre-closing liabilities under the Transfer Agreement. As a result of the transfer of KU, Kaplan will no longer own or operate KU or any other institution participating in student financial aid programs that have been created under Title IV of the U.S. Federal Higher Education Act of 1965, as amended. Consequently, Kaplan is no longer responsible for operating KU. However, pursuant to the TOSA, Kaplan will be performing functions that fall within the ED's definition of a third-party servicer and will, therefore, assume certain regulatory responsibilities that require approval by the ED. The third-party servicer arrangement between Kaplan and Purdue University Global is also subject to information security requirements established by the Federal Trade Commission as well as all aspects of the Family Educational Rights and Privacy Act. As a third-party servicer, Kaplan may be required to undergo an annual compliance audit of its administration of the Title IV functions or services that it performs.

As a result of the KU Transaction, the Company recorded a pre-tax gain of \$4.3 million in the first quarter of 2018. For financial reporting purposes, Kaplan may receive payment of additional consideration for the sale of the institutional assets as part of the fee to the extent there are sufficient revenues available after paying all amounts required by the TOSA. The Company recorded a \$1.4 million contingent consideration gain related to the disposition in the second quarter of 2018.

Sale of Businesses. In February 2018, Kaplan completed the sale of a small business which was included in Test Preparation. In February 2017, GHG completed the sale of Celtic Healthcare of Maryland. In the fourth quarter of 2017, Kaplan Australia completed the sale of a small business, which was included in Kaplan International. As a result of these sales, the Company reported gains (losses) in other non-operating income.

Other Transactions. In June 2018, the Company incurred \$6.2 million of interest expense related to the mandatorily redeemable noncontrolling interest redemption settlement at GHG. The mandatorily redeemable noncontrolling interest was redeemed and paid in July 2018.

Capital Expenditures

During the first six months of 2018, the Company's capital expenditures totaled \$38.7 million. This amount includes assets acquired during the year, whereas the amounts reflected in the Company's Condensed Statements of Cash Flows are based on cash payments made during the relevant periods. The Company estimates that its capital expenditures will be in the range of \$110 million to \$120 million in 2018. This includes amounts for constructing an academic and student residential facility in connection with Kaplan's Pathways program in Liverpool, U.K. This also includes capital expenditures in connection with spectrum repacking at the Company's television stations in Jacksonville, FL, and Roanoke, VA, as mandated by the FCC; these expenditures are expected to be largely reimbursed to the Company by the FCC.

Liquidity

The Company's borrowings were \$485.3 million and \$493.3 million, at June 30, 2018 and December 31, 2017, respectively.

At June 30, 2018, the Company had cash and cash equivalents, restricted cash and investments in marketable securities and other investments totaling \$776.9 million, compared with \$964.7 million at December 31, 2017. The Company's net cash provided by operating activities, as reported in the Company's Condensed Consolidated Statements of Cash Flows, was \$70.5 million for the first six months of 2018, compared to \$131.6 million for the first

six months of 2017. The decrease is due to a reduction in cash receipts from customers and increased pre-payments.

On May 30, 2018, the Company issued \$400 million senior unsecured fixed-rate notes due June 1, 2026 (the Notes). The Notes are guaranteed, jointly and severally, on a senior unsecured basis, by certain of the Company's existing and future domestic subsidiaries, as described in the terms of the indenture, dated as of May 30, 2018 (the Indenture). The Notes have a coupon rate of 5.75% per annum, payable semi-annually on June 1 and December 1, beginning on December 1, 2018. The Company may redeem the Notes in whole or in part at any time at the respective redemption prices described in the Indenture.

On June 29, 2018, the Company used the net proceeds from the sale of the Notes, together with cash on hand, to redeem the \$400 million of 7.25% notes due February 1, 2019. The Company incurred \$11.4 million in debt extinguishment costs in relation to the early termination of the 7.25% notes.

In combination with the issuance of the Notes, the Company and certain of the Company's domestic subsidiaries named therein as guarantors entered into an amended and restated credit agreement providing for a U.S. \$300 million five-year revolving credit facility (the Revolving Credit Facility) with each of the lenders party thereto, certain of the Company's foreign subsidiaries from time to time party thereto as foreign borrowers, Wells Fargo Bank, National Association, as Administrative Agent (Wells Fargo), JPMorgan Chase Bank, N.A., as Syndication Agent, and HSBC Bank USA, National Association and Bank of America, N.A. as Documentation Agents (the Amended and Restated Credit Agreement), which amends and restates the Company's existing Five Year Credit Agreement, dated as of June 29, 2015, among the Company, certain of its domestic subsidiaries as guarantors, the several lenders from time to time party thereto, Wells Fargo Bank, National Association, as Administrative Agent and JPMorgan Chase Bank, N.A., as Syndication Agent (the Existing Credit Agreement). The Amended and Restated Credit Agreement amends the Existing Credit Agreement to (i) extend the maturity of the Revolving Credit Facility to May 30, 2023, unless the Company and the lenders agree to further extend the term, (ii) increase the aggregate principal amount of the Revolving Credit Facility to U.S. \$300 million, consisting of a U.S. Dollar tranche of U.S. \$200 million for borrowings in U.S. Dollars and a multicurrency tranche equivalent to U.S. \$100 million for borrowings in U.S. Dollars and certain foreign currencies, (iii) provide for borrowings under the Revolving Credit Facility in U.S. Dollars and certain other foreign currencies specified in the Amended and Restated Credit Agreement, (iv) permit certain foreign subsidiaries of the Company to be added to the Amended and Restated Credit Agreement as foreign borrowers thereunder and (v) effect certain other modifications to the Existing Credit Agreement.

Under the Amended and Restated Credit Agreement, the Company is required to pay a commitment fee on a quarterly basis, based on the Company's leverage ratio, of between 0.15% and 0.25% of the amount of the average daily unused portion of the Revolving Credit Facility. Any borrowings under the Amended and Restated Credit Agreement are made on an unsecured basis and bear interest at the Company's option, either at (a) a fluctuating interest rate equal to the highest of Wells Fargo's prime rate, 0.5 percent above the Federal funds rate or the one-month Eurodollar rate plus 1%, or (b) the Eurodollar rate for the applicable currency and interest period as defined in the Amended and Restated Credit Agreement, which is generally a periodic rate equal to LIBOR, CDOR, BBSY or SOR, as applicable, in the case of each of clauses (a) and (b) plus an applicable margin that depends on the Company's consolidated debt to consolidated adjusted EBITDA (as determined pursuant to the Amended and Restated Credit Agreement, Total Net Leverage Ratio). The Company and its foreign subsidiaries may draw on the Revolving Credit Facility for general corporate purposes. Any outstanding borrowings must be repaid on or prior to the final termination date. The Amended and Restated Credit Agreement contains terms and conditions, including remedies in the event of a default by the Company, typical of facilities of this type and requires the Company to maintain a Total Net Leverage Ratio of not greater than 3.5 to 1.0 and a consolidated interest coverage ratio of at least 3.5 to 1.0 based upon the ratio of consolidated adjusted EBITDA to consolidated interest expense as determined pursuant to the Amended and Restated Credit Agreement.

In the first six months of 2018, the Company acquired an additional 157,032 shares of its Class B common stock at a cost of approximately \$94.1 million.

On May 21, 2018, Moody's affirmed the Company's credit ratings, but revised the outlook from Negative to Stable.

The Company's current credit ratings are as follows:

	Moody's	Standard & Poor's
Long-term	Ba1	BB+

At June 30, 2018 and December 31, 2017, the Company had working capital of \$748.8 million and \$857.2 million, respectively. The Company maintains working capital levels consistent with its underlying business requirements and consistently generates cash from operations in excess of required interest or principal payments. The Company

expects to fund its estimated capital needs primarily through existing cash balances and internally generated funds. In management's opinion, the Company will have sufficient liquidity to meet its various cash needs within the next 12 months.

In July 2016, Kaplan International Holdings Limited (KIHL) entered into an agreement with University of York International Pathway College LLP (York International College) to loan the LLP approximately £25 million over the next eighteen months, to construct an academic building in the UK to be used by the College. York International College is a limited liability partnership joint venture between Kaplan York Limited (a subsidiary of Kaplan International Colleges UK Limited) and a subsidiary of the University of York, that operates a pathways college. The loan will be repayable over 25 years at an interest rate of 7% and the loan is guaranteed by the University of York. While there is no strict requirement to make annual principal and interest payments, interest will be rolled up and accrue interest at 7% if no such payments are made. The loan becomes due and payable if the partnership agreement with Kaplan is terminated. As of December 31, 2017, KIHL advanced approximately £16.0 million to York International College. In the second quarter of 2018, KIHL advanced a final amount of £6 million in additional funding to the joint venture under this agreement, bringing the total amount advanced to £22 million as of June 30, 2018.

There were no other significant changes to the Company's contractual obligations or other commercial commitments from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Critical Accounting Policies and Estimates

Revenue Recognition. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company acts as a principal or an agent in the transaction. In certain cases, the Company is considered the agent, and the Company records revenue equal to the net amount retained when the fee is earned. In these cases, costs incurred with third-party suppliers is excluded from the Company's revenue. The Company assesses whether it obtained control of the specified goods or services before they are transferred to the customer as part of this assessment. In addition, the Company considers other indicators such as the party primarily responsible for fulfillment, inventory risk and discretion in establishing price.

Please refer to Note 1 - Organization, Basis of Presentation and Recent Accounting Pronouncements and Note 10 - Revenue From Contracts with Customers for further discussion of the new revenue recognition guidance.

Forward-Looking Statements

This report contains certain forward-looking statements that are based largely on the Company's current expectations. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results and achievements to differ materially from those expressed in the forward-looking statements. For more information about these forward-looking statements and related risks, please refer to the section titled "Forward-Looking Statements" in Part I of the Company's Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The Company is exposed to market risk in the normal course of its business due primarily to its ownership of marketable equity securities, which are subject to equity price risk; to its borrowing and cash-management activities, which are subject to interest rate risk; and to its foreign business operations, which are subject to foreign exchange rate risk. The Company's market risk disclosures set forth in its 2017 Annual Report filed on Form 10-K have not otherwise changed significantly.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

An evaluation was performed by the Company's management, with the participation of the Company's Chief Executive Officer (the Company's principal executive officer) and the Company's Chief Financial Officer (the Company's principal financial officer), of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), as of June 30, 2018. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as designed and implemented, are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

As described below under *Remediation of Previously Disclosed Material Weakness*, there were changes in our internal control over financial reporting during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(c) Remediation of Previously Disclosed Material Weakness

As previously disclosed in Item 9A of our 2017 Form 10-K, the Company reported a material weakness in internal control over financial reporting due to inadequate review and approval of policy changes at Kaplan Higher Education that impacted the processing of refunds of student financial aid.

To remediate the material weakness, during 2018, management completed a comprehensive review, modified procedures and implemented new controls surrounding the analysis, review and approval of changes to student financial aid policies, as well as enhanced monitoring and compensating controls. The Company evaluated the revised procedures and tested the new controls throughout the remediation period, and concluded that the new controls are operating effectively. Consequently, the Company deems the material weakness in internal control over financial reporting fully remediated as of the end of the second quarter of 2018.

PART II. OTHER INFORMATION

Item 1A. Risk Factors.

The Company faces a number of significant risks and uncertainties in connection with its operations. If any of the events or developments described below occurs, it could have a material adverse effect on the Company's business, financial condition or results of operations.

There have been no material changes to the Risk Factors disclosed in our 2017 Form 10-K, other than as disclosed in our Form 10-Q for the quarter ended March 31, 2018, and the Form 8-K filed May 21, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the quarter ended June 30, 2018, the Company purchased shares of its Class B Common Stock as set forth in the following table:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan*	Maximum Number of Shares that May Yet Be Purchased Under the Plan*
April	8,565	\$ 594.37	8,565	332,533
May	—	—	—	332,533
June	16,887	592.16	16,887	315,646
	<u>25,452</u>	<u>\$ 592.90</u>	<u>25,452</u>	

*On November 9, 2017 the Company's Board of Directors authorized the Company to purchase, on the open market or otherwise, up to 500,000 shares of its Class B Common Stock. There is no expiration date for that authorization. All purchases made during the quarter ended June 30, 2018 were open market transactions.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Company dated November 13, 2003 (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2003).
3.2	Certificate of Amendment, effective November 29, 2013, to the Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's current Report on Form 8-K dated November 29, 2013).
3.3	By-Laws of the Company as amended and restated through November 29, 2013 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated November 29, 2013).
4.1	Senior Notes Indenture dated as of May 30, 2018, between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated May 24, 2018).
4.2	Amended and Restated Five Year Credit Agreement, dated as of May 30, 2018, among the Company, and the foreign borrowers from time to time party thereto, and certain of its domestic subsidiaries as guarantors, the several lenders from time to time party thereto, Wells Fargo Bank, National Association, as Administrative Agent and JPMorgan Chase Bank, N.A., as Syndication Agent.
10.1	Purchase Agreement, dated May 24, 2018, among Graham Holdings Company, the guarantors listed in Schedule 2 thereto and J.P. Morgan Securities, LLC, as representative of the initial purchasers listed in Schedule 1 thereto. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 24, 2018).
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
32	Section 1350 Certification of the Chief Executive Officer and the Chief Financial Officer. *
101	The following financial information from Graham Holdings Company Quarterly Report on Form 10-Q for the period ended June 30, 2018, formatted in Extensible Business Reporting Language (XBRL): (i) Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2018 and 2017, (ii) Condensed Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2018 and 2017, (iii) Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017, (iv) Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2018 and 2017, and (v) Notes to Condensed Consolidated Financial Statements. Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed "furnished" and not "filed" or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed "furnished" and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise are not subject to liability under these sections.

* Furnished herewith.

SIGNATURES

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

GRAHAM HOLDINGS COMPANY
(Registrant)

Date: August 1, 2018

/s/ Timothy J. O'Shaughnessy

**Timothy J. O'Shaughnessy,
President & Chief Executive Officer
(Principal Executive Officer)**

Date: August 1, 2018

/s/ Wallace R. Cooney

**Wallace R. Cooney,
Chief Financial Officer
(Principal Financial Officer)**

U.S. \$300,000,000

AMENDED AND RESTATED FIVE YEAR CREDIT AGREEMENT

Dated as of May 30, 2018

Among

GRAHAM HOLDINGS COMPANY

as Company.

and

THE FOREIGN BORROWERS FROM TIME TO TIME PARTY HERETO

as Foreign Borrowers

and

THE GUARANTORS LISTED ON THE SIGNATURE PAGES HEREOF

as Guarantors

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

as Administrative Agent

and

JPMORGAN CHASE BANK, N.A.

as Syndication Agent

HSBC BANK USA, NATIONAL ASSOCIATION

BANK OF AMERICA, N.A.

as Documentation Agents

WELLS FARGO SECURITIES, LLC

JPMORGAN CHASE BANK, N.A.

as Joint Lead Arrangers and Joint Book Managers

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS 1

SECTION 1.01. Certain Defined Terms 1
SECTION 1.02. Computation of Time Periods 25
SECTION 1.03. Accounting Terms 25
SECTION 1.04. Guarantees 25
SECTION 1.05. Redenominations of Certain Foreign Currencies and Computation
of US Dollar Amounts; Exchange Rates; Currency Equivalents 25

ARTICLE II AMOUNTS AND TERMS OF THE ADVANCES 26

SECTION 2.01. The Advances 26
SECTION 2.02. Making the Advances. 27
SECTION 2.03. Reserved. 28
SECTION 2.04. Fees. 28
SECTION 2.05. Termination, Reduction or Increase of the Commitments. 29
SECTION 2.06. Repayment of Advances 31
SECTION 2.07. Interest on Advances 31
SECTION 2.08. Interest Rate Determination 32
SECTION 2.09. Optional Conversion of Advances 33
SECTION 2.10. Optional Prepayment of Advances 33
SECTION 2.11. Increased Costs 34
SECTION 2.12. Illegality 36
SECTION 2.13. Payments and Computations 37
SECTION 2.14. Taxes 38
SECTION 2.15. Sharing of Payments, Etc. 40
SECTION 2.16. Use of Proceeds 41
SECTION 2.17. Extension of Termination Date 41
SECTION 2.18. Defaulting Lenders 43
SECTION 2.19. Mitigation of Obligations; Replacement of Lenders 44

ARTICLE III CONDITIONS TO EFFECTIVENESS AND LENDING 45

SECTION 3.01. Conditions Precedent to Effectiveness 45
SECTION 3.02. Conditions Precedent to Each Borrowing, Increase Date
and Extension
Date 47
SECTION 3.03. Determinations Under Section 3.01 48

ARTICLE IV REPRESENTATIONS AND WARRANTIES 48

SECTION 4.01. Representations and Warranties of the Credit Parties 48

ARTICLE V COVENANTS OF THE CREDIT PARTIES 52

SECTION 5.01.	<u>Affirmative Covenants</u>	52
SECTION 5.02.	<u>Negative Covenants</u>	55
SECTION 5.03.	<u>Financial Covenants</u>	59
ARTICLE VI EVENTS OF DEFAULT 60		
SECTION 6.01.	<u>Events of Default</u>	60
ARTICLE VII THE ADMINISTRATIVE AGENT 62		
SECTION 7.01.	<u>Appointment and Authority</u>	62
SECTION 7.02.	<u>Rights as a Lender</u>	63
SECTION 7.03.	<u>Exculpatory Provisions</u>	63
SECTION 7.04.	<u>Reliance by the Administrative Agent</u>	64
SECTION 7.05.	<u>Indemnification</u>	64
SECTION 7.06.	<u>Delegation of Duties</u>	65
SECTION 7.07.	<u>Resignation of Administrative Agent</u>	65
SECTION 7.08.	<u>Non-Reliance on Administrative Agent and Other Lenders</u>	66
SECTION 7.09.	<u>No Other Duties, Etc</u>	66
SECTION 7.10.	<u>Guaranty Matters</u>	66
ARTICLE VIII GUARANTY 67		
SECTION 8.01.	<u>The Guaranty</u>	67
SECTION 8.02.	<u>Bankruptcy</u>	67
SECTION 8.03.	<u>Nature of Liability</u>	68
SECTION 8.04.	<u>Independent Obligation</u>	68
SECTION 8.05.	<u>Authorization</u>	68
SECTION 8.06.	<u>Reliance</u>	69
SECTION 8.07.	<u>Waiver</u>	69
SECTION 8.08.	<u>Limitation on Enforcement</u>	70
SECTION 8.09.	<u>Confirmation of Payment</u>	70
ARTICLE IX MISCELLANEOUS 70		
SECTION 9.01.	<u>Amendments, Etc.</u>	70
SECTION 9.02.	<u>Notices, Etc.</u>	71
SECTION 9.03.	<u>No Waiver; Remedies</u>	73
SECTION 9.04.	<u>Costs and Expenses</u>	73
SECTION 9.05.	<u>Right of Set-off</u>	74
SECTION 9.06.	<u>Binding Effect</u>	75
SECTION 9.07.	<u>Assignments and Participations</u>	75
SECTION 9.08.	<u>Confidentiality</u>	78
SECTION 9.09.	<u>Governing Law</u>	79
SECTION 9.10.	<u>Execution in Counterparts</u>	79
SECTION 9.11.	<u>Jurisdiction, Etc.</u>	79

SECTION 9.12.	<u>Patriot Act Notice</u>	80
SECTION 9.13.	<u>Waiver of Jury Trial</u>	80
SECTION 9.14.	<u>Acknowledgement and Consent to Bail-In of EEA Financial</u>	
SECTION 9.15.	<u>Amendment and Restatement</u>	80
SECTION 9.16.	<u>Judgment Currency</u>	81
SECTION 9.17.	<u>Appointment of the Company</u>	81
SECTION 9.18.	<u>Lender-Specific Provisions</u>	81
SECTION 9.19.	<u>Australian Code of Banking Practice</u>	82

Institutions 80

Schedules

Schedule I – Multicurrency Tranche Commitments
Schedule II – US Tranche Commitments
Schedule III – Effective Date Guarantors
Schedule 5.02(a) – Existing Liens
Schedule 5.02(d) – Existing Debt and Investments

Exhibits

Exhibit A	-	Form of Note
Exhibit B-1	-	Form of Notice of Borrowing
Exhibit B-2	-	Form of Notice of Continuation/Conversion
Exhibit C	-	Form of Assignment and Assumption
Exhibit D	-	Form of Assumption Agreement
Exhibit E	-	Notice of Account Designation
Exhibit F	-	Notice of Prepayments
Exhibit G	-	Form of Solvency Certificate

AMENDED AND RESTATED FIVE YEAR CREDIT AGREEMENT

Dated as of May 30, 2018

Graham Holdings Company, a Delaware corporation (the “Company”), the Foreign Borrowers from time to time party hereto, the Guarantors listed on the signature pages hereof, the banks, financial institutions and other institutional lenders (the “Initial Lenders”) listed on the signature pages hereof, and Wells Fargo Bank, National Association (“Wells Fargo Bank”), as administrative agent (the “Administrative Agent”) for the Lenders (as hereinafter defined), agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this agreement (this “Agreement”), the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Advance” means a Multicurrency Tranche Advance or a US Tranche Advance.

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

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or executive officer of such Person. For purposes of this definition, the term “control” (including the terms “controlling”, “controlled by” and “under common control with”) of a Person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

“Agent Parties” has the meaning specified in Section 9.02(d)(ii).

“Anti-Corruption Laws” means any law, rule or regulation of any jurisdiction applicable to the Company or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Lending Office” means, with respect to each Lender, such Lender’s Domestic Lending Office in the case of a Base Rate Advance and such Lender’s Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

“Applicable Margin” means as of any date, a percentage per annum determined by reference to the Performance Level in effect on such date as set forth below:

Performance Level	Applicable Margin for Eurodollar Rate Advances	Applicable Margin for Base Rate Advances
I	1.250%	0.250%
II	1.500%	0.500%
III	1.750%	0.750%

The Applicable Margin shall be determined and adjusted quarterly on the date that is five Business Days after the day on which the Company provides a compliance certificate pursuant to Section 5.01(i) for the most recently ended fiscal quarter of the Company (each such date, a “Calculation Date”); provided that (a) the Applicable Margin shall be based on Performance Level II until the first Calculation Date occurring after the Effective Date and, thereafter the Performance Level shall be determined by reference to the Total Leverage Ratio as of the last day of the most recently ended fiscal quarter of the Company preceding the applicable Calculation Date, and (b) if the Company fails to provide a compliance certificate when due as required by Section 5.01(i) for the most recently ended fiscal quarter of the Company preceding the applicable Calculation Date, the Applicable Margin from the date on which such compliance certificate was required to have been delivered shall be based on Performance Level III until such time as such compliance certificate is delivered, at which time the Performance Level shall be determined by reference to the Total Leverage Ratio as of the last day of the most recently ended fiscal quarter of the Company preceding such Calculation Date. The applicable Performance Level shall be effective from one Calculation Date until the next Calculation Date. Any adjustment in the Performance Level shall be applicable to all Advances then existing or subsequently made or issued.

Notwithstanding the foregoing, in the event that any financial statement or compliance certificate delivered pursuant to Section 5.01(i) is shown to be inaccurate (regardless of whether (i) this Agreement is in effect, (ii) any Commitments are in effect, or (iii) any Advance is outstanding when such inaccuracy is discovered or such financial statement or compliance certificate was delivered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an “Applicable Period”) than the Applicable Margin applied for such Applicable Period, then (A) the Company shall promptly deliver to the Administrative Agent a corrected compliance certificate for such Applicable Period, (B) the Applicable Margin for such Applicable Period shall be determined as if the Total Leverage Ratio in the corrected compliance certificate were applicable for such Applicable Period, and (C) the applicable Borrower shall promptly and retroactively be obligated to pay to the Administrative Agent the accrued 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 2.13. Nothing in this paragraph shall limit the rights of the Administrative Agent and Lenders with respect to Sections 2.07 and 6.01 nor any of their other rights under this Agreement or any other Loan Document. The Borrowers’ obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Borrower Obligations for one year after the date of such termination and repayment.

“Applicable Percentage” means, as of any date, a percentage per annum determined by reference to the Performance Level in effect on such date as set forth below:

Performance Level	Applicable Percentage
I	0.150%
II	0.200%
III	0.250%

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 8.07 (b)(iii)), and accepted by the Administrative Agent, in substantially the form of Exhibit C or any other form approved by the Administrative Agent.

“Assuming Lender” means an Eligible Assignee not previously a Lender that becomes a Lender hereunder pursuant to either Section 2.05(b) or Section 2.17.

“Assumption Agreement” means an agreement in substantially the form of Exhibit D hereto by which an Eligible Assignee agrees to become a Lender hereunder pursuant to either Section 2.05(b) or Section 2.17, in each case agreeing to be bound by all obligations of a Lender hereunder.

“Australian Dollar” means Australian dollar, the lawful currency of Australia.

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

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

“Base Rate” means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall on any day be equal to the highest of:

- (a) the rate of interest announced publicly by Wells Fargo Bank in New York, New York, from time to time, as Wells Fargo Bank’s prime rate;
- (b) 1/2 of one percent per annum above the Federal Funds Rate; and
- (c) the Eurodollar Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Eurodollar Rate for any day shall be based on the rate appearing on the Reuters LIBOR01 Page (or on any successor or substitute page of such page) at approximately 11:00 A.M. (London time) on such day (provided that in no event shall such rate be less than zero).

“Base Rate Advance” means an Advance that bears interest as provided in Section 2.07(a)(i). All Base Rate Advances shall be denominated in US Dollars.

“Bankruptcy Code” means the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

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

“Beneficial Ownership Certification” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation, which certification shall be substantially similar in form and substance to the form of Certification Regarding Beneficial Owners of Legal Entity Customers published jointly, in May 2018, by the Loan Syndications and Trading Association and Securities Industry and Financial Markets Association.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Borrower Obligations” means the obligations of each Borrower hereunder and under the other Loan Documents.

“Borrowers” means, collectively, the Foreign Borrowers and the Company.

“Borrowing” means a borrowing consisting of simultaneous Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

“British Pounds Sterling” means British pounds sterling, the lawful currency of the United Kingdom.

“Business Day” means a day of the year on which banks are not required or authorized by law to close in New York City, and if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in New York City and the London interbank market; provided that (a) with respect to any Advance denominated in a Foreign Currency, the term “Business Day” shall also exclude (i) any day that is not a Target Settlement Day and (ii) any day on which banks (A) are not open for dealings in deposits denominated in such Foreign Currency in the London interbank market and (B) are not open for foreign exchange business in the principal financial center of the country of such Foreign Currency and (b) with respect to any Advance to a Foreign Borrower, the term “Business Day” shall also exclude any day on which banks are not open for dealings in the jurisdiction of organization of such Foreign Borrower.

“Canadian Dollars” means Canadian dollars, the lawful currency of Canada.

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

“CFC” means a Person that is a “controlled foreign corporation” as defined in Section 957 of the Internal Revenue Code, but only if a “United States person” (within the meaning of Section 7701(a)(3) of the Internal Revenue Code) that is a Credit Party or an Affiliate of a Credit Party is, with respect to such Person, a “United States shareholder” (within the meaning of Section 951(b) of the Internal Revenue Code) as described in Section 951(a)(1) of the Internal Revenue Code.

“CFC Holdco” means any Subsidiary all or substantially all of the assets of which consist of the Equity Interest or indebtedness of one or more CFCs (either directly or indirectly through other such Subsidiaries).

“Commitment” means a Multicurrency Tranche Commitment or a US Tranche Commitment.

“Commitment Date” has the meaning specified in Section 2.05(b)(i).

“Commitment Fee” has the meaning specified in Section 2.04(a).

“Commitment Increase” has the meaning specified in Section 2.05(b)(i).

“Communications” has the meaning specified in Section 9.02(d)(ii).

“Confidential Information” means information that is furnished by or on behalf of the Company to the Administrative Agent or any Lender in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Administrative Agent or such Lender from a source other than the Company that is not, to the best of the Administrative Agent’s or such Lender’s knowledge, acting in violation of a confidentiality agreement with or for the benefit of the Company.

“Consenting Lender” has the meaning specified in Section 2.17(b).

“Consolidated” refers to the consolidation of accounts in accordance with GAAP.

“Consolidated Assets” means, as of any date of determination, the total consolidated assets of the Company and its Subsidiaries at such date, as determined in accordance with GAAP on a Consolidated basis.

“Consolidated Debt” means, as of any date of determination, the aggregate principal amount of Debt of the Company and its Subsidiaries outstanding as of such date, in the amount that would be required to be reflected on a balance sheet prepared as of such date on a Consolidated basis in accordance with GAAP. Notwithstanding anything to the contrary herein, Consolidated Debt will exclude any Debt (“Refinanced Debt”) outstanding on any determination date which is to be refinanced pursuant to a refinancing permitted under this Agreement with the proceeds (the “Refinancing Proceeds”) of previously incurred refinancing Debt that is included in Consolidated Debt on such date (and such Refinancing Proceeds shall not be included as unrestricted cash for purposes of this Agreement); provided that a notice of redemption of, or an offer to purchase, such Refinanced Debt has been given or made (and, in the case of an offer to purchase, not withdrawn) on or prior to such date.

“Consolidated EBITDA” means, as of any date of determination, calculated on a Pro Forma Basis for the most recent four consecutive fiscal quarter period ending on or prior to such date, without duplication, (a) Consolidated Net Income for such period plus (b) the sum of the following to the extent deducted in calculating Consolidated Net Income for such period: (i) Consolidated Interest Expense of the Company and its Subsidiaries for such period, (ii) consolidated tax expense (including, without limitation, any federal, state, local and foreign

income and similar taxes) of the Company and its Subsidiaries for such period, (iii) depreciation and amortization expense of the Company and its Subsidiaries for such period, (iv) any extraordinary losses or charges of the Company and its Subsidiaries for such period, (v) non-cash charges of the Company and its Subsidiaries for such period (excluding pension plan credits and any pension charges), (vi) non-recurring losses, expenses or charges of the Company and its Subsidiaries for such period, (vii) losses attributable to the early extinguishment of Debt of the Company and its Subsidiaries for such period, (viii) any unrealized losses of the Company and its Subsidiaries for such period attributable to the application of “mark to market” accounting in respect of marketable equity securities and hedging agreements, (ix) losses of the Company and its Subsidiaries from the sale or exchange of assets and (x) the cumulative effect for such period of a change in accounting principles, minus (c) the sum of the following to the extent included in calculating Consolidated Net Income for such period: (i) non-cash charges of the Company and its Subsidiaries for such period previously added back in determining Consolidated EBITDA to the extent such non-cash charges have become cash charges during such period, (ii) any extraordinary gains of the Company and its Subsidiaries for such period, (iii) any non-recurring gains of the Company and its Subsidiaries for such period (including, without limitation, (A) gains from the sale or exchange of assets, (B) gains from early extinguishment of Debt of the Company and its Subsidiaries and (C) income received from joint venture investments to the extent not received in cash of the Company and its Subsidiaries for such period, but excluding pension plan credits and any pension charges), (iv) interest income of the Company and its Subsidiaries for such period, (v) any unrealized gains of the Company and its Subsidiaries for such period attributable to the application of “mark to market” accounting in respect of marketable equity securities and hedging agreements and (vi) the cumulative effect for such period of a change in accounting principles.

“Consolidated Interest Coverage Ratio” means, as of any date of determination, for the Company and its Subsidiaries on a Consolidated basis, the ratio of (a) Consolidated EBITDA for the most recent four consecutive fiscal quarter period ending on or prior to such date, to (b) Consolidated Interest Expense for the most recent four consecutive fiscal quarter period ending on or prior to such date.

“Consolidated Interest Expense” means, as of any date of determination, for the Company and its Subsidiaries on a Consolidated basis and for the most recent four consecutive fiscal quarter period ending on or prior to such date, all interest expense (excluding amortization of debt discount and premium and financing fees and expenses, but including the interest component under capital leases and synthetic leases).

“Consolidated Net Income” means, as of any date of determination for the most recent four consecutive fiscal quarter period ending on or prior to such date, the net income of the Company and its Subsidiaries on a Consolidated basis for such period, all as determined in accordance with GAAP.

“Convert”, “Conversion” and “Converted” each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.09.

“Credit Parties” means, collectively, the Borrowers and the Guarantors.

“**Debt**” of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 120 days incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) subject to Section 1.03, all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all Debt of others referred to in clauses (a) through (f) above or clause (h) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (h) all Debt referred to in clauses (a) through (g) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

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

“**Default**” means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“**Defaulting Lender**” means, subject to Section 2.18(b), any Lender that (a) has failed to (i) fund all or any portion of its Advances within two Business Days of the date such Advances were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Company in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Company or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lenders’ obligation to fund an Advance hereunder and states that such position is based on such Lender’s good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically

identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Company, to confirm in writing to the Administrative Agent and the Company 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 Company), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Laws, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a governmental authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such governmental authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent demonstrable error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.18(b)) upon delivery of written notice of such determination to the Company and each Lender.

“Default Interest” has the meaning specified in Section 2.07(b).

“Dollar Equivalent” means, at any time, (a) with respect to any amount denominated in US Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount thereof in US Dollars as reasonably determined by the Administrative Agent at such time on the basis of the Spot Rate (as determined in respect of the most recent Revaluation Date) for the purchase of US Dollars with such Foreign Currency.

“Domestic Subsidiary” means any Subsidiary that is organized and existing under the laws of the United States or any state thereof or under the laws of the District of Columbia.

“Domestic Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Domestic Lending Office” in its Administrative Questionnaire, or such other office of such Lender as such Lender may from time to time specify to the Company and the Administrative Agent.

“Downgrade” means, with respect to any Lender, the lowest rating that has been most recently announced for any class of non-credit enhanced long-term senior unsecured debt issued by such Lender is lower than BBB- by S&P or Baa3 by Moody’s.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA

Member Country that is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” has the meaning specified in Section 3.01.

“Eligible Assignee” means (a) a Lender and any Affiliate of a Lender organized in the United States; (b) a commercial bank organized under the laws of the United States, or any State thereof, and having total assets in excess of \$5,000,000,000; (c) a savings and loan association or savings bank organized under the laws of the United States, or any State thereof, and having total assets in excess of \$5,000,000,000; (d) a commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow or of the Cayman Islands, or a political subdivision of any such country, and having total assets in excess of \$5,000,000,000 so long as such bank is acting through a branch or agency located in the United States or in the country in which it is organized or another country that is described in this clause (d); (e) the central bank of any country that is a member of the Organization for Economic Cooperation and Development; and (f) any other Person approved by the Administrative Agent and the Company, on behalf of the Borrowers, such approval not to be unreasonably withheld or delayed; provided, however, that no Borrower nor an Affiliate of any Borrower nor any natural person shall qualify as an Eligible Assignee.

“EMU” means the economic and monetary union as contemplated in the Treaty on European Union (Official Journal C 191, July 29, 1992).

“EMU Legislation” means legislative measures of the European Council (including, without limitation, European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the Euro or otherwise), being in part the implementation of the third stage of EMU.

“Engagement Letter” means that certain Engagement Letter, dated as of May 7, 2018, by and among the Company, on behalf of the Borrowers, Wells Fargo Securities, LLC and JPMorgan Chase Bank, N.A..

“Environmental Action” means any action, suit, demand, demand letter, claim, notice of noncompliance or violation, notice of liability or potential liability, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental

or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

“Environmental Law” means any applicable federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment or decree relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

“Environmental Permit” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“Equity Interests” means (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general or limited), (d) in the case of a limited liability company, membership interests and (e) any and all warrants, rights or options entitling the holder thereof to purchase any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ERISA Affiliate” means any Person that for purposes of Title IV of ERISA is a member of any Borrower’s controlled group, or under common control with any Borrower, within the meaning of Section 414(b) or (c) of the Internal Revenue Code or, solely for purposes of Sections 302 and 303 of ERISA and Section 412 of the Internal Revenue Code, is treated as a single employer under Section 414(b), (c), (m) and (o) of the Internal Revenue Code.

“ERISA Event” means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Borrower or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; (g) a determination that any Plan is in “at risk” status (within the meaning of Section 303 of ERISA); or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of

ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

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

“Euro” means the single currency of Participating Member States of the European Union.

“Euro Unit” means the currency unit of the Euro.

“Eurocurrency Liabilities” has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Eurocurrency Reserve Requirements” means the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors of the Federal Reserve System and any other banking authority to which any Lender is subject and applicable to Eurocurrency Liabilities, or any similar category of assets or liabilities relating to eurocurrency findings. Eurocurrency Reserve Requirements shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Eurodollar Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurodollar Lending Office” in its Administrative Questionnaire, or such other office of such Lender as such Lender may from time to time specify to the Company and the Administrative Agent, in each case, which office may include any Affiliate of such Lender or any domestic or foreign branch of such Lender or such Affiliate.

“Eurodollar Rate” means,

(a) subject to the implementation of a Replacement Rate in accordance with Section 2.11(f), for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing in US Dollars, Euro or British Pounds Sterling, the interest rate per annum appearing on Reuters Screen LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in the relevant currency (in each case, the “LIBOR Screen Rate”) at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period (provided that in no event shall the foregoing rate be less than zero) or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/10000 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in the relevant currency are offered to the principal office of each of the Reference Banks in London, England by prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank’s Eurodollar Rate Advance comprising part of such Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period. If the LIBOR Screen Rate is unavailable, the Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing shall be determined by the Administrative Agent on the basis of applicable rates furnished to and received

by the Administrative Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08;

(b) for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing in Canadian Dollars, the average rate for Canadian Dollars bankers acceptances as administered by the Investment Industry Regulatory Organization of Canada (or any other Person that takes over the administration of that rate) with a tenor equal to such Interest Period, displayed on CDOR page of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute Reuters page or screen that displays such rate, or on the appropriate page or screen of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion) (in each case, the “CDOR Screen Rate”) at approximately 11:00 a.m., Toronto time, on the first day of such Interest Period, provided, that if the CDOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement, and provided, further, if the CDOR Screen Rate shall not be available at such time for such Interest Period, the Eurodollar Rate for such Eurodollar Rate Advance shall be the successor rate, as determined by the Administrative Agent in a manner consistent with market practice;

(c) for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing in Australian Dollars, the Bank Bill Swap Reference Rate (Bid) as administered by ASX Benchmarks Pty Ltd (or any other Person that takes over the administration of that rate) for Australian Dollar bills of exchange with a tenor equal to such Interest Period, displayed on page BBSY of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute Reuters page or screen that displays such rate, or on the appropriate page or screen of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion) (in each case, the “BBSY Screen Rate”) at approximately 11.00 a.m., Sydney time, on the first day of such Interest Period, provided, that if the BBSY Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement, and provided, further, if the BBSY Screen Rate shall not be available at such time for such Interest Period, the Eurodollar Rate for such Eurodollar Rate Advance shall be the successor rate, as determined by the Administrative Agent in a manner consistent with market practice and for the purposes of determining the rate as at a time, any subsequent, correction, recalculation or republication by the administrator after that time shall be included;

(d) for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing in Singapore Dollars, the Swap Offer Rate (SOR) as administered by the Association of Banks in Singapore (or any other person which takes over the administration of that rate) for deposits in Singapore Dollars for a period equal in length to such Interest Period as displayed on page ABSFIX01 of the Reuters screen (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute Reuters page or screen that displays such rate, or on the appropriate page or screen of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion) (in each case, the “SOR Screen Rate”) at approximately the Singapore time equivalent of 12:00 p.m. (London time), two Business Days before the first day of such Interest Period, provided, that if the SOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement, and provided, further, if the SOR Screen Rate shall not be available

at such time for such Interest Period, the Eurodollar Rate for such Eurodollar Rate Advance shall be the successor rate, as determined by the Administrative Agent in a manner consistent with market practice; and

(e) with respect to a Eurodollar Rate Advance in a Foreign Currency approved by all Lenders, the applicable floating interest rate quotation as published by Reuters (or other commercially available source providing such interest rate quotations as designated by the Administrative Agent from time to time) at a quotation time and date specified in writing and approved by all Lenders, for deposits in the relevant currency with a term equivalent to such Interest Period.

Notwithstanding the foregoing, unless otherwise specified in any amendment to this Agreement entered into in accordance with Section 2.11(f), in the event that a Replacement Rate with respect to the Eurodollar Rate is implemented then all references herein to the Eurodollar Rate shall be deemed references to such Replacement Rate.

“Eurodollar Rate Advance” means an Advance that bears interest as provided in Section 2.07(a)(ii).

“Events of Default” has the meaning specified in Section 6.01.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, United States Federal withholding Taxes and, with respect to any applicable Foreign Borrower, withholding Taxes of the United Kingdom, Canada, Australia, Singapore or any other foreign jurisdiction under the laws of which such Foreign Borrower is organized, imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in an Advance or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Advance or Commitment (other than pursuant to an assignment request by the Company under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.14, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender acquired the applicable interest in such Advance or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.14(e), (d) if any Lender is found as the result of a determination (as defined in Section 1313(a) of the Internal Revenue Code) to be a conduit entity participating in a conduit financing arrangement as defined in Treasury Regulations promulgated under Section 7701(l) of the Internal Revenue Code, the excess of the United States Taxes imposed with respect to such Lender over the amount of United States Taxes that would have been imposed with respect to such Lender if such determination had not been made with respect to such Lender and (e) any withholding Taxes imposed under FATCA.

“Existing Credit Agreement” means this Agreement as in effect immediately prior to the Effective Date.

“Extension Date” has the meaning specified in Section 2.17(b).

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (including any amended or successor provisions thereto to the extent substantially comparable thereto), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code (or any amended or successor provisions as described above), and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among governmental authorities entered into in connection with the implementation of the foregoing.

“FCPA” means the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, et seq., as of the date of this Agreement (including any amended or successor provisions thereto to the extent substantially comparable thereto) and any current or future regulations or official interpretations thereof.

“Federal Funds Rate” means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it with the consent of the Company, on behalf of the Borrowers.

“Foreign Borrower Obligations” means the obligations of each Foreign Borrower hereunder and under the other Loan Documents.

“Foreign Borrowers” means any Subsidiary of the Company organized under the laws of England, Wales, Scotland, Northern Ireland, Canada, Australia, Singapore or any other foreign jurisdiction as approved by each of the Lenders that is joined as a Foreign Borrower pursuant to Section 5.01(j) of this Agreement; provided that, at the election of the Company, any Foreign Borrower may be removed as a Foreign Borrower so long as on the date of such removal, such Foreign Borrower has no outstanding Advances.

“Foreign Currency” means (a) Euros, (b) British Pounds Sterling, (c) Canadian Dollars, (d) Australian Dollars, (e) Singapore Dollars and (f) such other currencies approved by each of the Lenders.

“Foreign Currency Equivalent” means, at any time, with respect to any amount denominated in US Dollars, the equivalent amount thereof in a Foreign Currency as reasonably determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Foreign Currency with US Dollars.

“Foreign Lender” has the meaning specified in Section 2.14(e)(i).

“Foreign Subsidiary” means any direct or indirect Subsidiary of the Company that is not a Domestic Subsidiary.

“GAAP” has the meaning specified in Section 1.03.

“Graham Interests” means Donald E. Graham and his siblings, their descendants and any relative by marriage of the foregoing, and any trust for the benefit of any of the foregoing whether as an income or residual beneficiary.

“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 Debt 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 Debt 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 Debt 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 Debt or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Debt; provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business.

“Guarantor” means the entities listed on Schedule III attached hereto and each Material Domestic Subsidiary (other than any Subsidiary of a Foreign Subsidiary or any CFC Holdco) as is, or may from time to time become, party to this Agreement.

“Guaranty” means the guaranty of the Guarantors set forth in Article VIII.

“Hazardous Materials” means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic under any Environmental Law and any pollutant or contaminant regulated under the Clean Water Act, 33 U.S.C. Sections 1251 et seq., or the Clean Air Act, 42 U.S.C. Sections 7401 et seq.

“Increase Date” has the meaning specified in Section 2.05(b)(i).

“Increasing Lender” has the meaning specified in Section 2.05(b)(i).

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of a Credit Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“Interest Period” means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the

last day of the period selected by the applicable Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the applicable Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months or, if available to all the Lenders, and subject to clause (v) of this definition, twelve months, as the Company, on behalf of the applicable Borrower, may, upon notice in substantially the form of Exhibit B-2 hereto (or such other form as shall be reasonably acceptable to the Administrative Agent) received by the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(i) the applicable Borrower may not select any Interest Period that ends after any Termination Date if, after giving effect thereto, the amount of such Borrowing would exceed the Commitments of Lenders for which a Termination Date prior to the last day of such Interest Period applies;

(ii) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration;

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;

(iv) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month; and

(v) in the case of any Borrowing, the applicable Borrower shall not be entitled to select an Interest Period having a duration of twelve months unless, by 2:00 P.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, each Lender notifies the Administrative Agent that such Lender will be providing funding for such Borrowing with such Interest Period (the failure of any Lender to so respond by such time being deemed for all purposes of this Agreement as an objection by such Lender to the requested duration of such Interest Period); provided that, if any or all of the Lenders object to the requested duration of such Interest Period, the duration of the Interest Period for such Borrowing shall be one, two, three or six months, as specified by the Company, on behalf of the applicable Borrower, in the applicable Notice of Borrowing as the desired alternative to an Interest Period of twelve months.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“Investment” means (a) the purchase or acquisition of Equity Interests in or evidences of indebtedness of or other securities of, or all or substantially all of the assets of, any Person (whether for cash, property, services, assumption of Debt, securities or otherwise), (b) any advance or loan to, any Person or (c) any other capital contribution to or investment in any Person, including, without limitation, any Guarantee of any obligations of such Person.

“Lenders” means the Initial Lenders, each Assuming Lender that shall become a party hereto pursuant to either Section 2.05(b) or Section 2.17 and each Person that shall become a party hereto pursuant to Section 2.19(b) or Section 9.07.

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

“Lien” means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

“Loan Documents” means this Agreement and the Notes.

“Margin Stock” has the meaning assigned to such term under Regulation U of the Board of Governors of the Federal Reserve System of the United States as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Material Adverse Effect” means a material adverse effect on (a) the business, financial condition or results of operations of the Company and its Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender under this Agreement or any other Loan Document or (c) the ability of any Credit Party to perform its obligations under this Agreement or any other Loan Document; provided, however, in no event shall the Purdue Transaction or any event, condition or circumstance resulting directly therefrom constitute a Material Adverse Effect.

“Material Contract” means any contract or other arrangement to which the Company or any of its Subsidiaries is a party that is required to be filed with the Securities and Exchange Commission (other than any such contract or other arrangement that is related to employee benefits or compensation).

“Material Domestic Subsidiary” means, as of any date of determination, any Wholly-Owned Domestic Subsidiary of the Company that, together with its Subsidiaries, (a) generated more than 5% of the Consolidated revenues of the Company and its Subsidiaries for the four fiscal quarter period most recently ended on or prior to such date or (b) owns more than 5% of the Consolidated Assets as of the last day of the most recently ended fiscal quarter of the Company.

“Moody’s” means Moody’s Investors Service, Inc.

“Multicurrency Tranche Advance” means an advance made by a Multicurrency Tranche Lender to a Borrower in US Dollars or any Foreign Currency as part of a Borrowing pursuant to Section 2.01(a).

“Multicurrency Tranche Commitment” means, with respect to each Multicurrency Tranche Lender at any time, (i) the US Dollar amount set forth opposite such Multicurrency Tranche Lender’s name on Schedule I attached hereto and identified as such, (ii) if such Multicurrency Tranche Lender has become a Multicurrency Tranche Lender hereunder pursuant to an Assumption Agreement, the amount set forth as its Multicurrency Tranche Commitment in such Assumption Agreement or (iii) if such Multicurrency Tranche Lender has entered into one or more Assignment and Assumptions, the amount set forth for such Multicurrency Tranche Lender in the Register maintained by the Administrative Agent pursuant to Section 9.07(c), as such amount may be increased, terminated or reduced, as the case may be, at or prior to such time pursuant to Section 2.05. The aggregate amount of the Multicurrency Tranche Commitments on the Effective Date is \$100,000,000.

“Multicurrency Tranche Lender” means each of the Lenders with Multicurrency Tranche Commitments or with outstanding Multicurrency Tranche Advances.

“Multicurrency Tranche Unused Commitment” means, with respect to any Multicurrency Tranche Lender at any time, (a) such Multicurrency Tranche Lender’s Multicurrency Tranche Commitment in US Dollars at such time minus (b) the Dollar Equivalent of the aggregate principal amount of all Multicurrency Tranche Advances made by such Multicurrency Tranche Lender and outstanding at such time.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Credit Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“Multiple Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Credit Party or any ERISA Affiliate and at least one Person other than such Credit Party or such ERISA Affiliate or (b) was so maintained and in respect of which such Credit Party or such ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

“National Currency Unit” means a fraction or multiple of one Euro Unit expressed in units of the former national currency of a Participating Member State.

“Non-Consenting Lender” has the meaning specified in Section 2.17(b).

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

“Non-Guarantor Subsidiary” means any Subsidiary of the Company that is not a Guarantor.

“Non-Recourse Debt” means Debt of the Company or its Subsidiaries incurred (a) as to which neither the Company nor any of its Subsidiaries (i) provides credit support (including any undertaking, agreement or instrument which would constitute Debt), other than as described in clause (b) below, or has given or made other written assurances regarding repayment or the

maintenance of capital or liquidity except such assurances as may be approved by the Required Lenders (such approval not to be unreasonably withheld or delayed), (ii) is directly or indirectly liable or (iii) constitutes the lender and (b) the obligees of which will have recourse solely to certain identified assets (the loss of which would not reasonably be expected to have a Material Adverse Effect) for repayment of the principal of and interest on such Debt and any fees, indemnities, expenses, reimbursements or other amounts of whatever nature accrued or payable in connection with such Debt.

“Note” means a promissory note of the applicable Borrower (bearing an original or facsimile signature) payable to any Lender, delivered pursuant to a request by any Lender, in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the applicable Borrower to such Lender resulting from the Advances made by such Lender.

“Notice of Borrowing” has the meaning specified in Section 2.02(a)(i).

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

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

“Other Parties” has the meaning assigned to such term in clause (c) of Section 8.07

“Other Taxes” means all present or future stamp or documentary Taxes or any other excise or property Taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment requested by the Company pursuant to Section 2.19(b)).

“Participant” has the meaning assigned to such term in clause (d) of Section 9.07.

“Participant Register” has the meaning assigned to such term in clause (d) of Section 9.07.

“Participating Member State” means each country so described in any EMU Legislation.

“PBGC” means the Pension Benefit Guaranty Corporation (or any successor).

“Performance Level” means, as of any date of the determination, the level set forth below as then in effect, as determined in accordance with the following provisions of this definition:

Level I: Total Leverage Ratio of less than 1.00 to 1.00.

Level II: Total Leverage Ratio of greater than or equal to 1.00 to 1.00 but less than 2.00 to 1.00.

Level III: Total Leverage Ratio of greater than or equal to 2.00 to 1.00.

“Permitted Investments” means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, a rating of A1 (or higher) by S&P or P1 (or higher) by Moody’s;

(c) investments in certificates of deposit, banker’s acceptances and demand or time deposits, in each case maturing within 180 days from the date of acquisition thereof, issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than \$500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above;

(e) “money market funds” that (i) comply with the criteria set forth in Rule 2a-7 of the Investment Company Act, (ii) are rated AAA by S&P and Aaa by Moody’s and (iii) have portfolio assets of at least \$5,000,000,000; and

(f) in the case of any Foreign Subsidiary, other short-term investments that are analogous to the foregoing, are of comparable credit quality and are customarily used by companies in the jurisdiction of such Foreign Subsidiary for cash management purposes.

“Permitted Liens” means any of the following:

(a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof;

(b) Liens imposed by law, such as materialmen’s, mechanics’, carriers’, workmen’s and repairmen’s Liens and other similar Liens arising in the ordinary course of business securing obligations (other than Debt) that (i) are not overdue for a period of more than 120 days or (ii) are being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained in accordance with GAAP;

(c) pledges or deposits to secure obligations under workers’ compensation laws or similar legislation or to secure public or statutory obligations;

(d) Liens securing the performance of or payment in respect of, bids, tenders, government contracts (other than for the repayment of Debt), surety and appeal bonds and other obligations of a similar nature incurred in the ordinary course of business; and

(e) easements, rights of way and other encumbrances on title to real property that do not materially adversely affect the use of such property for its present purposes.

“Person” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

“Plan” means a Single Employer Plan or a Multiple Employer Plan subject to the provisions of Title IV of ERISA or Section 412 of the Internal Revenue Code or Section 302 of ERISA.

“Platform” has the meaning specified in Section 9.02(d)(ii).

“Pro Forma Basis” means, with respect to any transaction, that such transaction shall be deemed to have occurred as of the first day of the four-quarter period (or twelve month period, as applicable) ending as of the most recent quarter end (or month end, as applicable) preceding the date of such transaction.

“Properties” has the meaning ascribed to such term in clause (o) of Section 4.01.

“Purdue Transaction” means the contribution of institutional assets and operations of Kaplan University to an Indiana non-profit, public-benefit corporation that is a subsidiary affiliated with Purdue University, pursuant to that certain Transition and Operations Support Agreement, dated March 22, 2018, by and among Kaplan Higher Education, LLC, Iowa College Acquisition, LLC and Purdue University Global, Inc.

“Recipient” means (a) the Administrative Agent and (b) any Lender.

“Reference Banks” means Wells Fargo Bank and JPMorgan Chase Bank, N.A.

“Register” has the meaning specified in Section 9.07(d).

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

“Replacement Rate” has the meaning specified in Section 2.11(f).

“Required Lenders” means at any time Lenders having more than 50% of the Commitments or, if the Commitments have been terminated, Lenders owed at least a majority of the then aggregate unpaid principal amount of the Advances; provided that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time the Commitments and Advances of such Defaulting Lender at such time.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of the Company, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to the parent of the Company’s stockholders, partners or members.

“Revaluation Date” means each of the following: (a) each date an Advance is made pursuant to Section 2.01; (b) the last Business Day of each calendar month; and (c) such additional dates as the Administrative Agent or the Required Lenders shall reasonably specify.

“S&P” means Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc.

“Same Day Funds” means (a) with respect to disbursements and payments in US Dollars, immediately available funds, and (b) with respect to disbursements and payments in a Foreign Currency, same day or other funds as may be determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Foreign Currency.

“Sanctioned Country” means at any time, a country or territory which is itself the subject or target of any Sanctions (including, as of the time of this Agreement, Cuba, Iran, North Korea, Syria and Crimea).

“Sanctioned Entity” means (a) any Sanctioned Country or (b) (i) any Sanctioned Person, (ii) any Person organized or resident in or determined to be organized or resident in a Sanctioned Country or (iii) any Person owned or controlled by any Sanctioned Person or any Person referred to in clause (b)(ii).

“Sanctioned Person” means, at any time, a Person listed in any Sanctions-related list maintained by OFAC, the U.S. Department of State or by the United Nations Security Council, the European Union, Her Majesty’s Treasury of the United Kingdom, any European Union member state, the Australian Department of Foreign Affairs and Trade or otherwise the subject of any Sanctions.

“Sanctions” means all economic or financial sanctions, sectoral sanctions, secondary sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government (including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State), or (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom, the Australian Department of Foreign Affairs and Trade or other relevant sanctions authority with jurisdiction over the Company or any of its Subsidiaries.

“Significant Subsidiary” means any Subsidiary that would be a “significant subsidiary” within the meaning of Rule 1-02 of the SEC’s Regulation S-X.

“Singapore Dollar” means Singapore dollars, the lawful currency of Singapore.

“Single Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Borrower or any ERISA Affiliate and no Person other than the Borrowers and the ERISA Affiliates or (b) was so maintained and in respect of which any Borrower or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

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

“Spot Rate” means, for any currency, the rate reasonably determined by the Administrative Agent, to be the rate quoted by the Person acting in such capacity, as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. (New York City time) on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent may obtain such spot rate from another financial institution designated by the Administrative Agent if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

“Subsidiary” of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person’s other Subsidiaries.

“Target Settlement Day” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

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

“Termination Date” means the earlier of (a) May 30, 2023, subject to the extension thereof pursuant to Section 2.17 and (b) the date of termination of all of the Commitments pursuant to Section 2.05 or 6.01; provided, however, that the Termination Date of any Lender that is a Non-Consenting Lender to any requested extension pursuant to Section 2.17 shall be the Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement.

“Total Leverage Ratio” means, as of any date of determination, for the Company and its Subsidiaries on a Consolidated basis, the ratio of (a) Consolidated Debt as of such date to (b) Consolidated EBITDA for the most recent period of four (4) consecutive quarters ending on or prior to such date.

“Total Net Leverage Ratio” means, as of any date of determination, for the Company and its Subsidiaries on a Consolidated basis, the ratio of (a) (i) Consolidated Debt as of such date less (ii) unrestricted cash and cash equivalents of the Company and its Subsidiaries on such date in an aggregate amount not to exceed \$100,000,000 to (b) Consolidated EBITDA for the most recent period of four (4) consecutive quarters ending on or prior to such date.

“Trading with the Enemy Act” has the meaning assigned to such term in clause (l) of Section 4.01.

“Tranche” means a category of Commitments and extensions of credit thereunder. For purposes hereof, each of the following comprises a separate Tranche: (a) the Multicurrency Tranche Commitments and (b) the US Tranche Commitments.

“Type”, means, when used in reference to any Advance or Borrowing, refers to whether the rate of interest on such Advance, or on the Advances comprising such Borrowing, is determined by reference to the Base Rate or the Eurodollar Rate.

“Unused Commitments” means, collectively, the Multicurrency Tranche Unused Commitments and the US Tranche Unused Commitments.

“US Dollars” and “\$” means lawful money of the United States.

“US Tranche Advance” means an advance made by a US Tranche Lender to the Company in US Dollars as part of a Borrowing pursuant to Section 2.01(b).

“US Tranche Commitment” means, with respect to each US Tranche Lender at any time, (i) the US Dollar amount set forth opposite such US Tranche Lender’s name on Schedule II attached hereto and identified as such, (ii) if such US Tranche Lender has become a US Tranche Lender hereunder pursuant to an Assumption Agreement, the amount set forth as its US Tranche Commitment in such Assumption Agreement or (iii) if such US Tranche Lender has entered into one or more Assignment and Assumptions, the amount set forth for such US Tranche Lender in the Register maintained by the Administrative Agent pursuant to Section 9.07(c), as such amount may be increased, terminated or reduced, as the case may be, at or prior to such time pursuant to Section 2.05. The aggregate amount of the US Tranche Commitments on the Effective Date is \$200,000,000.

“US Tranche Lender” means each of the Lenders with US Tranche Commitments or with outstanding US Tranche Advances.

“US Tranche Unused Commitment” means, with respect to any US Tranche Lender at any time, (a) such US Tranche Lender’s US Tranche Commitment at such time minus (b) the aggregate principal amount of all US Tranche Advances made by such US Tranche Lender and outstanding at such time.

“Voting Stock” means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of not less than a majority of the directors (or persons performing similar

functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

“Wholly-Owned” means, with respect to a Subsidiary, that all of the Equity Interests of such Subsidiary are, directly or indirectly, owned or controlled by the Company and/or one or more of its Wholly-Owned Subsidiaries (except for directors’ qualifying shares or other shares required by applicable law to be owned by a Person other than the Company and/or one or more of its Wholly-Owned Subsidiaries).

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

SECTION 1.03. Accounting Terms. All terms of an accounting or financial nature shall be construed in accordance with generally accepted accounting principles (“GAAP”), as in effect from time to time; provided, however, that if the Company notifies the Administrative Agent that the Borrowers wish to amend any provision hereof to eliminate the effect of any change in GAAP or the application thereof occurring after the date of this Agreement on the operation of such provision, or if the Administrative Agent notifies the Company that the Required Lenders wish to amend any provision hereof for such purpose, then the Borrowers’ compliance with such provision shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP or the application thereof became effective, until either such notice is withdrawn or such provision is amended in a manner satisfactory to the Company and the Required Lenders. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any change in accounting for leases pursuant to GAAP resulting from the implementation of Financial Accounting Standards Board ASU No. 2016-02, Leases (Topic 842), to the extent such adoption would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on December 31, 2015.

SECTION 1.04. Guarantees. Unless otherwise specified, the amount of any Guarantee shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee.

SECTION 1.05. Redenominations of Certain Foreign Currencies and Computation of US Dollar Amounts; Exchange Rates; Currency Equivalents.

(a) Each obligation of each Borrower to make a payment denominated in the National Currency Unit of any member state of the European Union that adopts the Euro as its lawful

currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Advance in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Advance, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent and the Company may from time to time agree to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) The Administrative Agent shall reasonably determine the Spot Rate as of each Revaluation Date to be used for calculating the Dollar Equivalents of Extensions of Credit and amounts outstanding hereunder denominated in a Foreign Currency. Such Spot Rate shall become effective as of such Revaluation Date and shall be the Spot Rate employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur.

(d) Wherever in this Agreement, in connection with any Extension of Credit, any conversion, continuation or prepayment of a Loan, an amount, such as a required minimum or multiple amount, is expressed in US Dollars, but such Extension of Credit or Loan is denominated in a Foreign Currency, such amount shall be the relevant Foreign Currency Equivalent, as reasonably determined by the Administrative Agent.

(e) Wherever in this Agreement an amount is expressed in US Dollars, it shall be deemed to refer to the Dollar Equivalent or Foreign Currency Equivalent thereof, as applicable.

(f) Determinations by the Administrative Agent pursuant to this Section 1.05 shall be conclusive absent demonstrable error.

(g) Subject to the provisions of Section 9.16, each provision in this Agreement relating to payments to be made by any Borrower on account of principal, interest and fees which requires payment in US Dollars, shall be deemed to mean (i) in the case of Loans or other amounts denominated in US Dollars, payment in US Dollars, and (ii) in the case of Loans or other amounts denominated in a Foreign Currency, payment in such Foreign Currency.

ARTICLE II AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Advances.

(a) Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth in this Agreement and the other Loan Documents, each Multicurrency Tranche Lender severally agrees to make Multicurrency Tranche Advances to the Borrowers (including the Company) in US Dollars and

Foreign Currencies from time to time from the Effective Date through, but not including, the Termination Date as requested by the Company, on behalf of one or more Borrowers, in accordance with the terms of Section 2.02; provided, that (i) Multicurrency Tranche Advances made by any Multicurrency Tranche Lender shall not at any time exceed such Multicurrency Tranche Lender's Multicurrency Tranche Unused Commitment and (ii) a Multicurrency Tranche Lender may designate a Eurodollar Lending Office as a lender of all or a portion of its Multicurrency Tranche Commitment under this Agreement. Subject to the terms and conditions hereof, the Borrowers may borrow, repay and reborrow Multicurrency Tranche Advances hereunder until the Termination Date. Each Multicurrency Tranche Advance shall be comprised entirely of (i) in the case of a Multicurrency Tranche Advance denominated in Foreign Currencies, Eurodollar Rate Advances, and (ii) in the case of a Multicurrency Tranche Advance denominated in US Dollars, (A) Eurodollar Rate Advances or (B) Base Rate Advances, as the Company, on behalf of one or more Borrowers, may request in accordance therewith.

(b) Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth in this Agreement and the other Loan Documents, each US Tranche Lender severally agrees to make US Tranche Advances to the Company in US Dollars from time to time from the Effective Date through, but not including, the Termination Date as requested by the Company in accordance with the terms of Section 2.02; provided, that US Tranche Advances made by any US Tranche Lender shall not at any time exceed such US Tranche Lender's US Tranche Unused Commitment. Subject to the terms and conditions hereof, the Company may borrow, repay and reborrow US Tranche Advances hereunder until the Termination Date. Each US Tranche Advance shall be comprised entirely of (i) Eurodollar Rate Advances or (ii) Base Rate Advances, as the Company may request in accordance therewith.

(c) Notwithstanding any provision in the Loan Documents to the contrary, no Foreign Borrower or other Foreign Subsidiary shall be liable for Advances made to the Company or other Obligations of the Company.

SECTION 2.02. Making the Advances. The Company, on behalf of one or more Borrowers in the case of a Multicurrency Tranche Advance, shall give the Administrative Agent irrevocable prior written notice substantially in the form of Exhibit B-1 (a "Notice of Borrowing") not later than 11:00 a.m. (New York City time) (i) on (x) the same Business Day as each Base Rate Advance to the Company that will be funded in the United States and (y) the date that is at least two Business Days before each other Base Rate Advance (including any Base Rate Advance to a Foreign Borrower) and (ii) on the date that is at least (x) three Business Days before each Eurodollar Rate Advance in US Dollars and (y) four Business Days before each Eurodollar Rate Advance in a Foreign Currency, of its intention to borrow, specifying (A) the date of such Borrowing, which shall be a Business Day, (B) the amount of such Borrowing, which shall be, (x) with respect to Base Rate Advances, in an aggregate principal amount of \$3,000,000 or a Foreign Currency Equivalent thereof or a whole multiple of \$1,000,000 or a Foreign Currency Equivalent thereof in excess thereof and (y) with respect to Eurodollar Rate Advances, in an aggregate principal amount of \$5,000,000 or a Foreign Currency Equivalent thereof or a whole multiple of \$1,000,000 or a Foreign Currency Equivalent thereof in excess thereof, (C) whether the Advances are to be Eurodollar Rate Advances or Base Rate Advances, (D) whether the Advances are to be Multicurrency Tranche Advances or US Tranche Advances,

(E) in the case of a Eurodollar Rate Advance, the duration of the Interest Period applicable thereto, and (F) in the case of a Multicurrency Tranche Advance, the applicable Borrower; provided that if any Borrower wishes to request Eurodollar Rate Advances having an Interest Period of twelve months in duration, such notice must be received by the Administrative Agent not later than 11:00 a.m. (New York City time) four Business Days prior to the requested date of such Borrowing, whereupon the Administrative Agent shall give prompt notice to the Lenders of such request and determine whether the requested Interest Period is acceptable to all of them. If the Company fails to specify a Tranche of Advance in a Notice of Borrowing for Advances to be made in US Dollars, then the applicable Advances shall be made as US Tranche Advances. If the Company fails to specify a type of Advance in a Notice of Borrowing, then the applicable Advances shall be made as Base Rate Advances. If the Company fails to specify a Borrower, the Borrower shall be the Company. If the Company requests a Borrowing of Eurodollar Rate Advances in any such Notice of Borrowing, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. A Notice of Borrowing received after 11:00 a.m. (New York City time) shall be deemed received on the next Business Day. The Administrative Agent shall promptly notify the Lenders of each Notice of Borrowing.

(a) Not later than 1:00 p.m. (New York City time) on the proposed borrowing date, each Lender will make available to the Administrative Agent, for the account of the applicable Borrower, at the office of the Administrative Agent in Same Day Funds in the applicable currency of such Borrowing immediately available to the Administrative Agent, such Lender's ratable portion of such Borrowing. Each Borrower hereby irrevocably authorizes the Administrative Agent to disburse the proceeds of each Borrowing requested pursuant to this Section in immediately available funds by crediting or wiring such proceeds to the deposit account of the applicable Borrower identified in the most recent notice substantially in the form attached as Exhibit E (a "Notice of Account Designation") delivered by each Borrower to the Administrative Agent or as may be otherwise agreed upon by such Borrower and the Administrative Agent from time to time. The Administrative Agent shall not be obligated to disburse the portion of the proceeds of any Borrowing requested pursuant to this Section to the extent that any Lender has not made available to the Administrative Agent its ratable portion of such Borrowing.

SECTION 2.03. Reserved.

SECTION 2.04. Fees.

(a) Commitment Fee. Commencing on the Effective Date, the Company agrees to pay to the Administrative Agent in US Dollars, for the account of the Lenders, a non-refundable commitment fee (the "Commitment Fee") at a rate per annum equal to the Applicable Percentage in effect from time to time on the average daily Unused Commitments of the Lenders (other than the Defaulting Lenders, if any). The Commitment Fee shall be payable in arrears on the last Business Day of each calendar quarter during the term of this Agreement commencing June 30, 2018, and ending on the date upon which all Commitments have been terminated.

(b) Other Fees. The Company shall pay to the Administrative Agent for its accounts fees in the amounts and at the times specified in the Engagement Letter.

SECTION 2.05. Termination, Reduction or Increase of the Commitments.

(a) Optional Termination or Reduction. The Borrowers shall have the right, upon at least three Business Days' notice by the Company to the Administrative Agent, to terminate in whole or reduce ratably in part the US Tranche Unused Commitments or the Multicurrency Tranche Unused Commitments, provided that each partial reduction shall be in the aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000, in excess thereof, provided, further, that a notice of termination delivered by the Company may state that such notice is conditioned upon the consummation of another transaction, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. The aggregate amount of the Commitments of any Tranche once reduced as provided in this Section 2.05(a), may not be reinstated, except as provided in Section 2.05(b) below.

(b) Increase in Aggregate of the Commitments. § The Company, on behalf of the Borrowers, may at any time, by notice to the Administrative Agent, propose that the aggregate amount of the Commitments of any Tranche (whether in the form of incremental term loans or revolving credit facility increases) be increased (such aggregate amount being, a "Commitment Increase"), effective as at a date prior to the date of the termination of all of the Commitments of such Tranche (as such date may be changed by the Company by notice to the Administrative Agent, an "Increase Date") as to which agreement is to be reached by an earlier date specified in such notice (as such date may be changed by the Company by notice to the Administrative Agent, a "Commitment Date"); provided, however, that (A) the minimum proposed Commitment Increase per notice shall be \$25,000,000 (or such lesser amount as the Administrative Agent may agree), (B) in no event shall the aggregate amount of the Commitments at any time exceed \$450,000,000 and (C) no Default or Event of Default shall have occurred and be continuing on such Increase Date. The Administrative Agent shall notify the Lenders thereof promptly upon its receipt of any such notice. The Administrative Agent agrees that it will cooperate with the Borrowers in discussions with the Lenders and other Eligible Assignees with a view to arranging the proposed Commitment Increase through the increase of the Multicurrency Tranche Commitments or the US Tranche Commitments, as applicable, of one or more of the applicable Lenders (each such Lender that is willing to increase its Commitment hereunder being an "Increasing Lender") and the addition of one or more other Eligible Assignees as Assuming Lenders and as parties to this Agreement; provided, however, that it shall be in each Lender's sole discretion whether to increase its Multicurrency Tranche Commitment or its US Tranche Commitment, as applicable, hereunder in connection with the proposed Commitment Increase; and provided further that the minimum Multicurrency Tranche Commitment or US Tranche Commitment, as applicable, of each such Assuming Lender that becomes a party to this Agreement pursuant to this Section 2.05(b), shall be at least equal to \$10,000,000 (or such lesser amount as the Administrative Agent may agree). If any of the Lenders agree to increase their respective Multicurrency Tranche Commitments or US Tranche Commitments, as applicable, by an aggregate amount in excess of the proposed Commitment Increase, the proposed Commitment Increase shall be allocated among such Lenders in proportion to their respective Multicurrency Tranche Commitments or US Tranche Commitments, as applicable, immediately prior to the Increase Date. If agreement is reached on or prior to the applicable Commitment Date with any Increasing Lenders and Assuming Lenders as to a Commitment Increase (which may be less than but not greater than specified in the applicable notice from the Company), such agreement to be

evidenced by a notice in reasonable detail from the Company to the Administrative Agent on or prior to the applicable Commitment Date, such Assuming Lenders, if any, shall become Lenders hereunder as of the applicable Increase Date and the Multicurrency Tranche Commitments or US Tranche Commitments, as applicable, of such Increasing Lenders and such Assuming Lenders shall become or be, as the case may be, as of the Increase Date, the amounts specified in such notice; provided that:

(1) the Administrative Agent shall have received (with copies for each Lender, including each such Assuming Lender) by no later than 10:00 A.M. (New York City time) on the applicable Increase Date (1) certified copies of resolutions of the board of directors (or equivalent governing body) of the Borrowers approving the Commitment Increase and (2) an opinion of counsel for the Borrowers, in form and substance reasonably satisfactory to the Administrative Agent;

(2) each such Assuming Lender shall have delivered to the Administrative Agent, by no later than 10:00 A.M. (New York City time) on such Increase Date, an appropriate Assumption Agreement in substantially the form of Exhibit D hereto, duly executed by such Assuming Lender and the Company, on behalf of the Borrowers;

(3) each such Increasing Lender shall have delivered to the Administrative Agent, by no later than 10:00 A.M. (New York City time) on such Increase Date, (A) its existing Note, if any, and (B) confirmation in writing satisfactory to the Administrative Agent as to its increased Commitment;

(4) the proceeds of any Commitment Increase shall be used for general corporate purposes of the Company and its Subsidiaries;

(5) each Commitment Increase (and the loans made thereunder) shall constitute obligations of the Borrowers and shall be guaranteed with the other Advances on a pari passu basis as set forth in Article VIII;

(6) the Company shall be in pro forma compliance with each of the financial covenants set forth in Section 5.03, both before and after giving effect (on a Pro Forma Basis) to any Commitment Increase;

(7) all terms and conditions applicable to any Commitment Increase with respect to an incremental term loan shall be reasonably satisfactory to the Administrative Agent and the Company; and

(8) any Commitment Increase with respect to a revolving credit facility increase shall be subject to the same terms and conditions as the existing Advances but shall bear interest and be entitled to fees, in each case at a rate determined by the applicable Increasing Lenders and the Company;

(i) In the event that the Administrative Agent shall have received notice from the Company as to its agreement to a Commitment Increase on or prior to the applicable Commitment Date and each of the actions provided for in clauses (1) through (3) above shall have occurred prior to 10:00 A.M. (New York City time) on the applicable Increase

Date to the reasonable satisfaction of the Administrative Agent, the Administrative Agent shall notify the Lenders (including any Assuming Lenders) and the Company of the occurrence of such Commitment Increase by telephone, confirmed at once in writing, or telecopier, and in any event no later than 1:00 P.M. (New York City time) on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and Assuming Lender. Each Increasing Lender and each Assuming Lender shall, to the extent applicable, before 2:00 P.M. (New York City time) on the applicable Increase Date, purchase at par that portion of outstanding Advances of the other Lenders or take such other actions as the Administrative Agent may reasonably determine to be necessary to cause the Advances to be funded pro rata by the Lenders in accordance with the Commitments.

(c) In the event that the Administrative Agent shall not have received notice from the Company as to such agreement on or prior to the applicable Commitment Date or the Company shall, by notice to the Administrative Agent prior to the applicable Increase Date, withdraw its proposal for a Commitment Increase or any of the actions provided for above in clauses (i)(1) through (i)(3) shall not have occurred by 10:00 A.M. (New York City time) on such Increase Date, such proposal by the Company shall be deemed not to have been made. In such event, any actions theretofore taken under clauses (i)(1) through (i)(3) above shall be deemed to be of no effect and all the rights and obligations of the parties shall continue as if no such proposal had been made.

(d) Notwithstanding anything to the contrary set forth in Section 9.01, the Company, on behalf of the Borrowers, the Administrative Agent, each Increasing Lender and each Assuming Lender may enter into amendments to this Agreement (without the consent of any other Lender) to implement and effect any Commitment Increase complying with the above provisions and each Lender hereto agrees to the foregoing.

SECTION 2.06. Repayment of Advances. The Borrowers shall repay the outstanding principal amount of all Advances in full on the Termination Date, together with all accrued but unpaid interest thereon and other amounts payable with respect to the Advances. If at any time the sum of the Advances under any Tranche exceeds the total Commitments under such Tranche (other than as a result of changes in the Spot Rate), then the applicable Borrower shall repay promptly upon notice from the Administrative Agent an amount necessary to eliminate any such excess, by payment to the Administrative Agent for the account of the Lenders of such Tranche.

SECTION 2.07. Interest on Advances. § Scheduled Interest. Each Borrower shall pay interest on the unpaid principal amount of each Advance to it owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as an Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as an Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Administrative Agent may, and upon the request of the Required Lenders shall, require each applicable Borrower to pay interest ("Default Interest") on (i) overdue principal of each Advance made to it owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any overdue interest, fee or other amount payable hereunder with respect to Advances made to it, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 1% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above, provided, however, that following acceleration of the Advances pursuant to Section 6.01, Default Interest shall accrue and be payable hereunder whether or not previously required by the Administrative Agent.

SECTION 2.08. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining each Eurodollar Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining any such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Administrative Agent shall give prompt notice to the Company and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.07(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.07(a)(ii).

(a) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period as a result of circumstances other than those circumstances described in Section 2.11, the Administrative Agent shall forthwith so notify the Company and the Lenders, whereupon (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist.

(b) Upon the occurrence and during the continuance of any Event of Default under Section 6.01 (a), (i) each Eurodollar Rate Advance will automatically, on the last day of the then

existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

(c) If the Reuters Screen LIBOR01 Page (or any successor or substitute page of such page) is unavailable, and fewer than two Reference Banks furnish timely information to the Administrative Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Administrative Agent shall forthwith notify the Company and the appropriate Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances,

(ii) each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make Eurodollar Rate Advances or to Convert Advances into Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Company and the appropriate Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09. Optional Conversion of Advances. The Company may, on behalf of one or more Borrowers, on any Business Day, upon notice in substantially the form of Exhibit B-2 hereto (or such other form as shall be reasonably acceptable to the Administrative Agent) given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, Convert all Advances denominated in US dollars and of one Type comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(a). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted (including the applicable Borrower), and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Company and the applicable Borrower.

SECTION 2.10. Optional Prepayment of Advances. Each Borrower may at any time and from time to time prepay Advances, in whole or in part, with irrevocable prior written notice to the Administrative Agent from the Company substantially in the form attached as Exhibit F hereto (a "Notice of Prepayment") given not later than 11:00 a.m. (i) on the same Business Day as such prepayment is to occur, with respect to a Base Rate Advance, and (ii) at least three Business Days before such prepayment is to occur, with respect to a Eurodollar Rate Advance, specifying the date and amount of prepayment and whether the prepayment is of Eurodollar Rate Advances, Base Rate Advances, or a combination thereof, and, if of a combination thereof, the amount allocable to each. Prior to any prepayment of Advances the Company shall select the Borrowing or Borrowings to be prepaid and shall specify such selection, including the relevant Tranche, in the Notice of Prepayment. Upon receipt of such notice, the Administrative Agent shall promptly notify each Lender of the Tranche being prepaid. If any such notice is given, the

amount specified in such notice shall be due and payable on the date set forth in such notice; provided, that, if a Notice of Prepayment is given in connection with a conditional notice of termination of Commitments as contemplated by Section 2.05(a), then such Notice of Prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.05(a) and the applicable Borrower shall remain liable for any amounts in respect of such proposed prepayment as provided in Section 9.04. Partial prepayments shall be in an aggregate amount of \$2,000,000 or a whole multiple of \$1,000,000 in excess thereof with respect to Base Rate Advances, and \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof with respect to Eurodollar Rate Advances. A Notice of Prepayment received after 11:00 a.m. shall be deemed received on the next Business Day. Each such repayment shall be accompanied by any amount required to be paid pursuant to Section 9.04(c). No Borrower may prepay any Eurodollar Rate Advance on any day other than on the last day of the Interest Period applicable thereto unless such prepayment is accompanied by any amount required to be paid pursuant to Section 9.04(c).

SECTION 2.11. Increased Costs. § If, after the date hereof, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender (other than in respect of Eurocurrency Liabilities) of agreeing to make or making, funding or maintaining Eurodollar Rate Advances (excluding for purposes of this Section 2.11 any such increased costs resulting from Indemnified Taxes or Excluded Taxes, then the applicable Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, setting forth in reasonable detail the basis therefor and the computation thereof, submitted to the Company and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent demonstrable error. Notwithstanding the foregoing, none of the Lenders shall deliver the notice and certificate described in this Section 2.11(a) to the Company in respect of any increased costs except in accordance with the internal policy of such Lender as to the exercise of similar rights and remedies in similar circumstances.

(a) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) in either case enacted, adopted or made after the date hereof, affects or would affect the amount of capital or liquidity required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, then, upon demand by such Lender (with a copy of such demand to the Administrative Agent), the applicable Borrower shall pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation for the reduction of the rate of return on such Lender's capital or on the capital of such corporation, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate as to such amounts, setting forth in reasonable detail the basis therefor and the computation thereof, submitted to the Company and the Administrative Agent by such Lender shall be conclusive and binding for all purposes, absent

demonstrable error. Notwithstanding the foregoing, none of the Lenders shall deliver the notice and certificate described in this Section 2.11(b) to the Company in respect of any requirements of additional capital or liquidity except in accordance with the internal policy of such Lender as to the exercise of similar rights and remedies in similar circumstances.

(b) If any Lender shall give notice to the Administrative Agent and the Company at any time to the effect that Eurocurrency Reserve Requirements are, or are scheduled to become, effective and that such Lender is or will be generally subject to such Eurocurrency Reserve Requirements (without regard to whether such Lender will be able to benefit from proration or offsets that may be available from time to time under Regulation D) as a result of which such Lender will incur additional costs, then such Lender shall, for each day from the later of the date of such notice and the date on which such Eurocurrency Reserve Requirements become effective, be entitled to additional interest on each Eurodollar Rate Advance made by it at a rate per annum determined for such day (rounded upward to the nearest 100th of 1%) equal to the remainder obtained by subtracting (i) the Eurodollar Rate for such Eurodollar Rate Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the then applicable Eurocurrency Reserve Requirements. Such additional interest will be payable in arrears to the Administrative Agent, for the account of such Lender, on each date that interest is payable on such Eurodollar Rate Advance. Any Lender which gives a notice under this paragraph (c) shall promptly withdraw such notice (by written notice of withdrawal given to the Administrative Agent and the Company) in the event Eurocurrency Reserve Requirements cease to apply to it or the circumstances giving rise to such notice otherwise cease to exist.

(c) Notwithstanding anything to the contrary herein contained, no Lender shall be entitled to claim any additional amounts pursuant to this Section 2.11 arising with respect to any period of time prior to the date that is 60 days prior to the date on which notice of such claim and the basis therefor is first given to the Company pursuant to this Section 2.11.

(d) For the avoidance of doubt, this Section 2.11 shall apply to all requests, rules, guidelines or directives concerning capital or liquidity adequacy (x) issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act and (y) 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, regardless of the date enacted, adopted or issued.

(e) Notwithstanding anything to the contrary in Section 2.08(d) above, if the Administrative Agent has made the reasonable determination (such determination to be conclusive absent manifest error) that (i) the circumstances described in Section 2.08(d) have arisen and that such circumstances are unlikely to be temporary or (ii) the applicable supervisor or administrator (if any) of any applicable interest rate specified herein or any governmental authority having, or purporting to have, jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which any applicable interest rate specified herein shall no longer be used for determining interest rates for loans in the U.S. syndicated loan market in the applicable currency, then the Administrative Agent and the Company shall endeavor to establish an alternative rate of interest that gives due consideration to the then-prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time and shall enter into an amendment to establish a replacement interest rate (the

“Replacement Rate”), in which case, the Replacement Rate shall, subject to the next two sentences, replace such applicable interest rate for all purposes under the Loan Documents unless and until (A) an event described in Sections 2.08(d), (f)(ii) or (f)(iii) occurs with respect to the Replacement Rate or (B) the Administrative Agent (or the Required Lenders through the Administrative Agent) notifies the Company that the Replacement Rate does not adequately and fairly reflect the cost to the Lenders of funding the Loans bearing interest at the Replacement Rate. In connection with the establishment and application of the Replacement Rate, this Agreement and the other Loan Documents shall be amended solely with the consent of the Administrative Agent and the Company, as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.11(f). Notwithstanding anything to the contrary in this Agreement or the other Loan Documents (including, without limitation, Section 9.01), such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the delivery of such amendment to the Lenders, written notices from such Lenders that in the aggregate constitute Required Lenders, with each such notice stating that such Lender objects to such amendment (which such notice shall note with specificity the particular provisions of the amendment to which such Lender objects). To the extent the Replacement Rate is approved by the Administrative Agent and the Company in connection with this clause (f), the Replacement Rate shall be applied in a manner consistent with market practice; provided that, in each case, to the extent such market practice is not administratively feasible for the Administrative Agent, such Replacement Rate shall be applied as otherwise reasonably determined by the Administrative Agent (it being understood that any such modification by the Administrative Agent shall not require the consent of, or consultation with, any of the Lenders).

SECTION 2.12. Illegality. (a) Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) each Eurodollar Rate Advance of such Lender will automatically, upon such demand, Convert into a Base Rate Advance and (ii) the obligation of such Lender to make Eurodollar Rate Advances or to Convert Advances into Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist. If any Lender shall exercise its rights under this Section 2.12, all payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Rate Advances that would have been made by such Lender or the converted Eurodollar Rate Advances of such Lender shall instead be applied to repay the Base Rate Advances made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Rate Advances, and all distributions of payments in respect of interest shall be made to the Lenders ratably based on the interest rates applicable to their respective Advances.

(a) For purposes of this Section 2.12, a notice to the Company by any Lender shall be effective as to each Eurodollar Rate Advance, if lawful, on the last day of the Interest Period

currently applicable to such Eurodollar Rate Advance; in all other cases such notice shall be effective on the date of receipt by the Company.

(b) If, in any applicable jurisdiction, the Administrative Agent or any Lender determines that any law has made it unlawful, or that any governmental or regulatory authority has asserted that it is unlawful, for the Administrative Agent or any Lender or its applicable Affiliate to (i) perform any of its obligations hereunder or under any other Loan Document, (ii) to fund or maintain its participation in any Advance or (iii) issue, make, maintain, fund or charge interest with respect to any Advance to any Borrower who is organized under the laws of a jurisdiction other than the United States, a State thereof or the District of Columbia such Person shall promptly notify the Administrative Agent, then, upon the Administrative Agent notifying the Company, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest with respect to any such Advance shall be suspended, and to the extent required by applicable law, cancelled. Upon receipt of such notice, the Credit Parties shall, (A) repay that Person's participation in such Advances or other applicable Obligations referenced about in this Section 2.12(b) on the last day of the Interest Period for each Advance or other Obligation occurring after the Administrative Agent has notified the Company or, if earlier, the date specified by such Person in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by applicable law) and (B) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

(c) The Credit Parties, the Agent and the Lenders acknowledge and agree that the Australian Bankers' Association Code of Banking Practice shall not apply to this Agreement or any other Loan Document.

SECTION 2.13. Payments and Computations. § Each Borrower shall make each payment required to be made by it hereunder and under any other Loan Documents not later than 12:00 noon (New York City time) on the day when due in US Dollars to the Administrative Agent at its offices at 1525 W. W.T. Harris Blvd., 1st Floor, Charlotte, NC 28262-8522 in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or commitment fees ratably (other than amounts payable pursuant to Section 2.11, 2.14 or 9.04(c)) to the applicable Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 9.07(c), from and after the effective date specified in such Assignment and Assumption, the Administrative Agent shall make all payments hereunder and under any other Loan Documents in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves. Upon any Assuming Lender becoming a Lender hereunder as a result of the effectiveness of a Commitment Increase pursuant to Section 2.05(b) or an extension of the Termination Date pursuant to Section 2.17 and upon the Administrative Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Increase Date or Extension Date, as the case may be, the

Administrative Agent shall make all payments hereunder and under any other Loan Documents issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender.

(a) All computations of interest based on Wells Fargo Bank's prime rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of commitment fees shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or commitment fees are payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent demonstrable error.

(b) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(c) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Lenders hereunder that the applicable Borrower will not make such payment in full, the Administrative Agent may assume that such Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the applicable Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.14. Taxes. § Any and all payments by any Credit Party hereunder shall be made free and clear of and without deduction or withholding for any and all present or future Taxes and all liabilities with respect thereto, except as required by applicable law. If any Credit Party shall be required by law to deduct or withhold any Taxes from or in respect of any sum payable hereunder to any Lender or the Administrative Agent, (i) if such Taxes are Indemnified Taxes, the sum payable by the applicable Credit Party shall be increased as may be necessary so that after making all required deductions or withholding (including deductions or withholding applicable to additional sums payable under this Section 2.14) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions or withholding been made, (ii) such Credit Party shall make such deductions and (iii) such Credit Party shall pay the full amount deducted to the relevant governmental authority in accordance with applicable law.

In addition, without duplication of Section 2.14(a), each Credit Party agrees to pay to the relevant governmental authority in accordance with applicable law, or at the option of the Administrative Agent reimburse it for the payment of, any Other Taxes.

(a) The Company and the Guarantors jointly and severally shall indemnify each Lender and the Administrative Agent for the full amount of Indemnified Taxes (including, without limitation, any Taxes imposed by any jurisdiction on amounts payable under this Section 2.14) imposed on or paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor.

(b) Within 30 days after the date of any payment of Taxes (including Excluded Taxes) to a governmental authority by the Company or any Foreign Borrower pursuant to this Section 2.14, the Company shall furnish to the Administrative Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing payment thereof. The Administrative Agent will post any receipt so received in relation to the payment of Taxes (including Excluded Taxes) from the Company or any Foreign Borrower on the Platform promptly upon receipt.

(c) § Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Company and the Administrative Agent, at the time or times reasonably requested the Company or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Administrative Agent as will enable the Company or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Without limiting the generality of the foregoing, each Lender organized under the laws of a jurisdiction outside the United States (each, a “Foreign Lender”), on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Assumption, as the case may be, pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as requested in writing by the Company (but only so long as such Lender remains lawfully able to do so), shall provide each of the Administrative Agent and the Company with two original Internal Revenue Service Forms W-8BEN, W-8BEN-E, W-8IMY or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States Federal withholding Tax on payments pursuant to this Agreement. Each Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or 881(c) of the Internal Revenue Code shall further provide each of the Administrative Agent and the Company (x) a certificate to the effect that such Lender is not (A) a “bank” within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (B) a “10 percent shareholder” of the Company within the meaning of Section 871(h)(3) or 881(c)(3)(B) of the Internal Revenue Code or (C) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Internal Revenue Code. In addition, each Lender that is organized under the laws of the United States or any political subdivision thereof shall deliver to the Company and

the Administrative Agent two copies of Internal Revenue Service Form W-9 (or any subsequent versions thereof or successors thereto) on or before the date such Lender becomes a party to this Agreement and upon the expiration of any form previously delivered by such Lender.

(i) If a payment made to a Lender hereunder would be subject to withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Company and the Administrative Agent, at the time or times prescribed by applicable law and at such time or times reasonably requested by the Company or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by such Borrower or the Administrative Agent as may be necessary for such Borrower or the Administrative Agent to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA and, as necessary, to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (ii), "FATCA" includes any amendment made to FATCA after the date of this Agreement.

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

(d) Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.07(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant governmental authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 2.14(f).

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than pursuant to Section 2.11, 2.14 or 9.04(c)) in excess of its ratable share of payments on account of the Advances of the relevant Tranche obtained by all the Lenders of such Tranche, such Lender shall forthwith purchase from the other Lenders of such Tranche such participations in the Advances of such Tranche owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender of such Tranche shall

be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered; provided, further, that, so long as the Advances shall not have become due and payable pursuant to Section 6.01, any excess payment received by any Lender shall be shared on a pro rata basis only with other Lenders that have Commitments or Advances in such Tranche; provided, further, that the provisions of this paragraph shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Advances to any assignee or participant. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation.

SECTION 2.16. Use of Proceeds. The proceeds of the Advances shall be available (and each Borrower agrees that it shall use such proceeds) for general corporate purposes of each such Borrower and its Subsidiaries. No Borrower will request any Advances, and no Borrower shall use, and each Borrower shall cause its respective Subsidiaries not to use, the proceeds of any Advances (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person (i) in violation of any applicable Sanctions or Anti-Corruption Law, (ii) for any activities pursuant to General License H issued by OFAC pursuant to the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560, on January 16, 2016 or (iii) in a manner that would cause any Lender to be in violation of any Sanctions, (b) for the purpose of funding, financing or facilitating any activities, business or transaction in, of or with any Sanctioned Entity or (c) in any manner that would result in the violation of the FCPA and any foreign counterpart thereto.

SECTION 2.17. Extension of Termination Date. § At least 60 days prior to any applicable Termination Date in effect, the Company, on behalf of the Borrowers, by written notice to the Administrative Agent, may request an extension of any Termination Date in effect at such time by one year from its then scheduled expiration; provided that the Company may request an extension no more than two times during the term of this Agreement. The Administrative Agent shall promptly notify each Lender of such request, and each Lender shall in turn, in its sole discretion, not later than the date specified in such notice (subject to extension by the Company), notify the Company and the Administrative Agent in writing as to whether such Lender will consent to such extension. If any Lender shall fail to notify the Administrative Agent and the Company in writing of its consent to any such request for extension of the Termination Date prior to the date specified in such notice (as extended, if applicable), such Lender shall be deemed to be a Non-Consenting Lender with respect to such request. The Administrative Agent shall promptly notify the Company of the decision of the Lenders regarding the Company's request for an extension of the Termination Date.

(a) If all the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.17, the Termination Date in effect at such time shall, effective as

at the applicable date specified pursuant to subsection (a) above (the “Extension Date”), be extended for one year; provided that on each Extension Date the applicable conditions set forth in Section 3.02 shall be satisfied. If less than all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.17, the Termination Date in effect at such time shall, effective as at the applicable Extension Date and subject to subsection (d) of this Section 2.17, be extended as to those Lenders that so consented (each a “Consenting Lender”) but shall not be extended as to any other Lender (each a “Non-Consenting Lender”). To the extent that the Termination Date is not extended as to any Lender pursuant to this Section 2.17 and the Commitments of such Lender are not substituted in accordance with subsection (c) of this Section 2.17 on or prior to the applicable Extension Date, the Commitments of such Non-Consenting Lender shall automatically terminate in whole on such unextended Termination Date without any further notice or other action by the Company, such Lender or any other Person; provided that such Non-Consenting Lender’s rights under Sections 2.11, 2.14 and 8.04, and its obligations under Section 7.05, shall survive the Termination Date for such Lender as to matters occurring prior to such date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Company for any requested extension of the Termination Date.

(b) If less than all of the Lenders consent to any such request pursuant to subsection (a) of this Section 2.17, the Administrative Agent shall promptly so notify the Consenting Lenders, and each Consenting Lender may, in its sole discretion, give written notice to the Administrative Agent not later than 30 days prior to the applicable Extension Date of the amount of the Non-Consenting Lenders’ Commitments for which it is willing to accept an assignment. If the Consenting Lenders notify the Administrative Agent that they are willing to accept assignments of Commitments in an aggregate amount that exceeds the amount of the Commitments of the Non-Consenting Lenders, such Commitments shall be allocated among the Consenting Lenders willing to accept such assignments in such amounts as are agreed between the Company and the Administrative Agent. If after giving effect to the assignments of Commitments described above there remain any Commitments of Non-Consenting Lenders, the Company may arrange for one or more Consenting Lenders or other Eligible Assignees as Assuming Lenders to assume, effective as of the applicable Extension Date, all or a portion of Non-Consenting Lender’s Commitments and all of the obligations of such Non-Consenting Lender under this Agreement thereafter arising, without recourse to or warranty by, or expense to, such Non-Consenting Lender; provided, however, that the amount of the Commitments of any such Assuming Lender as a result of such substitution shall in no event be less than \$10,000,000 unless the amount of the Commitments of such Non-Consenting Lender is less than \$10,000,000, in which case such Assuming Lender shall assume all of such lesser amount; and provided further that:

(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the outstanding Advances, if any, of such Non-Consenting Lender plus (B) any accrued but unpaid commitment fees owing to such Non-Consenting Lender as of the effective date of such assignment;

(ii) all additional costs reimbursements, expense reimbursements and indemnities payable to such Non-Consenting Lender, and all other accrued and unpaid

amounts owing to such Non-Consenting Lender hereunder, as of the effective date of such assignment shall have been paid to such Non-Consenting Lender; and

(iii) with respect to any such Assuming Lender, the applicable processing and recordation fee required under Section 9.07(b) for such assignment shall have been paid;

provided further that such Non-Consenting Lender's rights under Sections 2.11, 2.14 and 9.04, and its obligations under Section 7.05, shall survive such substitution as to matters occurring prior to the date of substitution. At least three Business Days prior to any Extension Date, (A) each such Assuming Lender, if any, shall have delivered to the Company and the Administrative Agent an Assumption Agreement, duly executed by such Assuming Lender, such Non-Consenting Lender, the Company and the Administrative Agent and (B) any such Consenting Lender shall have delivered confirmation in writing satisfactory to the Company and the Administrative Agent as to the increase in the amount of its Commitments. Upon the payment or prepayment of all amounts referred to in clauses (i), (ii) and (iii) of the immediately preceding sentence, each such Consenting Lender or Assuming Lender, as of the applicable Extension Date, will be substituted for such Non-Consenting Lender under this Agreement and shall be a Lender for all purposes of this Agreement, without any further acknowledgment by or the consent of the other Lenders, and the obligations of each such Non-Consenting Lender hereunder shall, by the provisions hereof, be released and discharged.

(c) If (after giving effect to any assignments or assumptions pursuant to subsection (c) of this Section 2.17) Lenders having Commitments equal to at least 50% of the Commitments in effect immediately prior to the applicable Extension Date consent in writing to a requested extension (whether by execution or delivery of an Assumption Agreement or otherwise) not later than one Business Day prior to such Extension Date, the Administrative Agent shall so notify the Company, and, subject to the satisfaction to the applicable conditions in Section 3.02, the Termination Date then in effect shall be extended for the additional one year period as described in subsection (a) of this Section 2.17, and all references in this Agreement, and in the other Loan Documents, if any, to the "Termination Date" shall, with respect to each Consenting Lender and each Assuming Lender for such Extension Date, refer to the Termination Date as so extended. Promptly following each Extension Date, the Administrative Agent shall notify the Lenders (including, without limitation, each Assuming Lender) of the extension of the scheduled Termination Date in effect immediately prior thereto and shall thereupon record in the Register the relevant information with respect to each such Consenting Lender and each such Assuming Lender.

SECTION 2.18. Defaulting Lenders. § Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

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

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting

Lender hereunder (whether voluntary or mandatory, at maturity, pursuant to Article VI or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.05 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Company, on behalf of the Borrowers, may request (so long as no Default exists), to the funding of any Advance in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent, and the Company, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Advances under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *fifth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Advances in respect of which such Defaulting Lender has not fully funded its appropriate share and (y) such Advances were made at a time when the conditions set forth in Section 3.02 were satisfied or waived, such payment shall be applied solely to pay the Advances of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Advances of such Defaulting Lender until such time as all Advances are held by the Lenders pro rata in accordance with the Commitments. 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 pursuant to this Section 2.18(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. No Defaulting Lender shall be entitled to receive a commitment fee for any period during which that Lender is a Defaulting Lender, and no Borrower shall be required to pay such fee otherwise payable to a Defaulting Lender.

(b) Defaulting Lender Cure. If the Company and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Advances of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Advances to be funded pro rata by the Lenders in accordance with the Commitments, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

SECTION 2.19. Mitigation of Obligations; Replacement of Lenders. § If any Lender requests compensation under Section 2.11, or requires any Borrower to pay additional amounts to any Lender or any governmental authority for the account of any Lender pursuant to Section

2.14, then such Lender shall (at the request of the Company) use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.11 or 2.14, as the case may be, in the future, and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(a) If any Lender requests compensation under Section 2.11, or if any Borrower is required to pay additional amounts to any Lender or any governmental authority for the account of any Lender pursuant to Section 2.14, or if any Lender is a Defaulting Lender or following such Lender's Downgrade, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.07(b)), all of its interests, rights and obligations under this Agreement to an Eligible 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 Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder (including any amounts under Section 9.04(c)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts);

(ii) on the date payment of all amounts referred to in Section 2.19(b)(i) has been made, such Lender shall be deemed to have executed and delivered an Assignment and Assumption, and the Company shall be entitled (but not obligated) to execute and deliver such Assignment and Assumption on behalf of such Lender;

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.11 or payments required to be made pursuant to Section 2.14, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with applicable law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

ARTICLE III CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness. This Agreement shall become effective on and as of the first date on which the following conditions precedent have been satisfied (the "Effective Date"):

(a) The Company shall have paid all accrued fees and, to the extent invoiced at least two Business Days prior to the Effective Date, expenses of the Administrative Agent and the Lenders (including the accrued fees and expenses of counsel to the Administrative Agent), in each case to the extent payable pursuant to the Engagement Letter.

(b) On the Effective Date, the following statements shall be true and the Administrative Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Company, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are (1) with respect to representations and warranties that contain a materiality qualification in Section 4.01, true and correct and (2) with respect to all other representations and warranties, true and correct in all material respects, in each case, on and as of the Effective Date, and

(ii) No event has occurred and is continuing that constitutes a Default.

(c) The Administrative Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Administrative Agent:

(i) The Notes to the Lenders, to the extent requested by any Lender at least three Business Days before the Effective Date.

(ii) Certified copies of (1) the resolutions of the board of directors (or equivalent governing body) of each Credit Party approving this Agreement and, to the extent applicable, the other Loan Documents, and of all documents evidencing other necessary corporate or other action and governmental approvals, if any, with respect to this Agreement and the other Loan Documents, (2) the articles of incorporation or other constitutional or charter documents, as applicable, of each Credit Party and (3) the bylaws or comparable operating agreement, as applicable, of each Credit Party.

(iii) Certificates of good standing, existence or its equivalent with respect to each Credit Party certified as of a recent date by the appropriate governmental authorities of the state of incorporation or organization and each other state in which the failure to so qualify and be in good standing would reasonably be expected to have a Material Adverse Effect.

(iv) A certificate of the Secretary or an Assistant Secretary of each Credit Party certifying the names and true signatures of the officers of such Credit Party authorized to sign each Loan Document to which it is a party and the other documents to be delivered by it hereunder.

(v) A favorable opinion of each of (i) Cravath, Swaine & Moore LLP, special New York counsel for the Credit Parties and (ii) Latham, Shuker, Eden & Beaudine, LLP, special Florida counsel for the Credit Parties, in form and substance satisfactory to the Administrative Agent.

(vi) An officer's certificate prepared by the chief financial officer of the Company as to the solvency of the Company and its Subsidiaries, on a consolidated basis after giving effect to the effectiveness of this Agreement on the Effective Date, in substantially the form of Exhibit G hereto.

(vii) A certificate prepared by the chief financial officer of the Company certifying that the Company has, or substantially concurrently with the Effective Date will have, consummated the senior unsecured notes offering contemplated by the Company as disclosed to the Administrative Agent.

(d) The Administrative Agent shall have received pro forma Consolidated financial statements for the Company and its Subsidiaries, and projections prepared by management of the Company, of balance sheets, income statements and cash flow statements for the three year period following the Effective Date.

(e) The Administrative Agent shall have received (i) at least five Business Days (or such shorter period agreed to by the Administrative Agent in its sole discretion) for the Company and its Domestic Subsidiaries and (ii) at least fifteen Business Days (or such shorter period agreed to by the Administrative Agent in its sole discretion) for any Foreign Borrower, in each case prior to the Effective Date all documentation and other information about the Company and the other Credit Parties as has been reasonably requested in writing at least 10 Business Days prior to the Effective Date by the Administrative Agent that it (on behalf of itself and the Lenders) reasonably determines is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the Patriot Act.

(f) Since December 31, 2017, no Material Adverse Effect has occurred.

SECTION 3.02. Conditions Precedent to Each Borrowing, Increase Date and Extension Date. The obligation of each Lender to make an Advance on the occasion of each Borrowing, each Commitment Increase and each extension of Commitments pursuant to Section 2.17 shall be subject to the conditions precedent that the Effective Date shall have occurred, the Administrative Agent shall have received the relevant Notice of Borrowing, request for Commitment Increase or request for Commitment Extension and on the date of such Borrowing, such Increase Date or such Extension Date the following statements shall be true (and each of the giving of the applicable Notice of Borrowing, request for Commitment Increase, request for Commitment Extension and the acceptance by the applicable Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrowers that on the date of such Borrowing, such Increase Date or such Extension Date such statements are true):

(a) the representations and warranties contained in Section 4.01 are (1) with respect to representations and warranties that contain a materiality qualification in Section 4.01, true and correct and (2) with respect to all other representations and warranties, true and correct in all material respects, in each case, on and as of the date of such Borrowing, such Increase Date or such Extension Date, before and after giving effect to such Borrowing, such Increase Date or such Extension Date and to the application of the proceeds therefrom, as though made on and as

of such date except to the extent such representations and warranties expressly relate to an earlier date,

(b) no event has occurred and is continuing, or would result from such Borrowing, such Increase Date or such Extension Date or from the application of the proceeds therefrom, that constitutes a Default, and

(c) in the case of any Advance denominated in a Foreign Currency, there shall not have occurred any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which in the reasonable opinion of the Administrative Agent or the Required Lenders (in the case of any Advances to be denominated in a Foreign Currency) would make it impracticable for such Advance to be denominated in the relevant Foreign Currency.

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Company, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Administrative Agent shall promptly notify the Lenders and the Company of the occurrence of the Effective Date.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Credit Parties. Each Credit Party represents and warrants as follows:

(a) Each Credit Party is duly organized or registered, validly existing and (if applicable in its jurisdiction of incorporation) in good standing under the applicable laws of the jurisdiction of its incorporation or formation and is in compliance with all applicable laws (including any Anti-Corruption Laws and including compliance with respect to each Plan but excluding those laws referred to in clauses (j), (k) and (l) below), except to the extent such non-compliance would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) The execution, delivery and performance by each Credit Party of this Agreement and each other Loan Document to which it is a party, and the consummation of the transactions contemplated hereby, are within such Credit Party's capacity and corporate or other powers, have been duly and validly authorized by all necessary corporate or other action, and do not contravene (i) such Credit Party's constitutional documents, charter or bylaws (or equivalent documents) or (ii) any applicable law, to include, in the case of any Credit Party incorporated under the laws of the Commonwealth of Australia, Chapter 2E or Part 2J.3 of the Corporations Act 2001 (Cwlth), or contractual restriction binding on or affecting such Credit Party, except in the case of clause (ii) to the extent such contravention would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due and valid execution, delivery and performance by any Credit Party of this Agreement or each other Loan Document to which it is a party, except such as have been obtained or made and are in full force and effect.

(d) This Agreement has been, and each other Loan Document when delivered hereunder will have been duly executed and delivered by each Credit Party party thereto. This Agreement is, and each other Loan Document when delivered will be, the legal, valid and binding obligation of each Credit Party party thereto enforceable against such Credit Party in accordance with their respective terms.

(e) The consolidated balance sheet of the Company and its Subsidiaries as at December 31, 2017, and the related consolidated statements of operations and cash flows of the Company and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of PricewaterhouseCoopers LLP, independent public accountants, and the condensed consolidated balance sheet of the Company and its Subsidiaries as at March 31, 2018, and the related condensed consolidated statements of operations and cash flows of the Company and its Subsidiaries for the three months then ended, duly certified by the chief financial officer of the Company, copies of which have been furnished to each Lender, fairly present, subject in the case of said balance sheet as at March 31, 2018, and said statements of operations and cash flows for the three months then ended, to year-end audit adjustments, the Consolidated financial condition of the Company and its Subsidiaries as at such dates and the Consolidated results of the operations of the Company and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied.

(f) There is no pending or, to the knowledge of the Company, threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) is pending or, to the knowledge of the Company, threatened as of the Effective Date and is reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any other Loan Document.

(g) No Borrower is, and immediately after the application by any Borrower of the proceeds of each Advance will not be, an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

(h) After giving effect to the application of the proceeds of each Advance, not more than 25% of the value of the assets of the Company and its Subsidiaries (as determined in good faith by the Company) subject to the provisions of Section 5.02(a) or subject to any restriction contained in any agreement or instrument between any Borrower and any Lender or any Affiliate of any Lender relating to Debt and within the scope of Section 6.01(d), will consist of or be represented by Margin Stock.

(i) All factual information furnished by or on behalf of the Company or any of its Subsidiaries to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document, included herein or therein or furnished hereunder or

thereunder (as modified or supplemented by other information so furnished) does not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading.

(j) Each of the Credit Parties and their Subsidiaries is in compliance with the FCPA. Neither the Company nor any of its Subsidiaries has made a payment, offering, or promise to pay, or authorized the payment of, money or anything of value (a) in order to assist in obtaining or retaining business for or with, or directing business to, any foreign official, foreign political party, party official or candidate for foreign political office, (b) to a foreign official, foreign political party or party official or any candidate for foreign political office, and (c) with the intent to induce the recipient to misuse his or her official position to direct business wrongfully to the Company or its Subsidiary or to any other Person, in each case in violation of the FCPA.

(k) None of the Company, any of its Subsidiaries or, to their knowledge, any of their respective directors or executive officers, is in violation of any Sanctions. None of the Company or any of its Subsidiaries, (i) is a Sanctioned Person or a Sanctioned Entity, (ii) has assets located in Sanctioned Countries or (iii) derives its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Entities, except, in the case of clauses (ii) and (iii), (x) to the extent permitted under General License H issued by OFAC pursuant to the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560, on January 16, 2016 or (y) as otherwise not in violation of any Sanctions or other applicable laws. To the knowledge of the Company or its Subsidiaries, none of their respective directors or executive officers is a Sanctioned Person or a Sanctioned Entity. No proceeds of any Advance will be used (x) to fund any operations in, finance any investments or activities in or with, or make any payments to, a Sanctioned Person or a Sanctioned Entity, except to the extent permissible for an individual or entity required to comply with Sanctions, (y) in violation of any applicable Sanctions or Anti-Corruption Law or (z) in any other manner that would cause any Lender to be in violation of any Sanctions.

(l) Neither the Company nor any of its Subsidiaries is an “enemy” or an “ally of the enemy” within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.) (the “Trading with the Enemy Act”), as amended. Neither the Company nor any of its Subsidiaries is in violation of (a) the Trading with the Enemy Act, as amended, (b) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (c) the Patriot Act. None of the Credit Parties (i) is a blocked person described in Section 1 of the Anti-Terrorism Order or (ii) to its knowledge, engages in any dealings or transactions, or is otherwise associated, with any such blocked person.

(m) The Company or its Subsidiaries are the owner of, or have a valid leasehold interest in, all of their respective real and personal property material to the conduct of the business of the Company and its Subsidiaries, taken as a whole, and none of such assets is subject to any Lien other than Permitted Liens or Liens permitted by Section 5.02(a).

(n) Each of the Credit Parties and its Subsidiaries has filed, or caused to be filed, all income Tax returns and all other Tax returns (federal, state, local and foreign) required to be filed and paid (a) all amounts of Taxes shown thereon to be due (including interest and penalties) and

(b) all other Taxes, fees, assessments and other governmental charges (including mortgage recording Taxes, documentary stamp Taxes and intangibles Taxes) owing by it, except (i) Taxes that are not yet delinquent, (ii) Taxes that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP or (iii) to the extent that failure to do so would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(o) Except as disclosed and except for instances that would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) the facilities and properties owned, leased or operated by the Credit Parties or any of their Subsidiaries (the "Properties") are not contaminated with any Hazardous Materials in amounts or concentrations which (y) constitute a violation of, or (z) would reasonably be expected to subject any Credit Party to liability under any Environmental Law, (ii) the operations of the Credit Parties and/or their Subsidiaries at the Properties are in compliance, and have in the last five years been in compliance, with all Environmental Laws, (iii) neither the Credit Parties nor their Subsidiaries have received any unresolved written notice alleging responsibility for a violation, non-compliance, liability or potential liability of any Credit Party under Environmental Laws regarding any of the Properties or the Business, nor do the Credit Parties or their Subsidiaries have knowledge that any such notice will be received or is being threatened, (iv) to the knowledge of the Credit Parties, Hazardous Materials have not been transported or disposed of by or on behalf of any Credit Party in violation of, or in a manner that could reasonably be expected to give rise to liability on behalf of any Credit Party, under any Environmental Law, and no Hazardous Materials have been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that would reasonably be expected to give rise to liability on behalf of any Credit Party under, any Environmental Law and (v) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Credit Parties and their Subsidiaries, threatened, under any Environmental Law to which any Credit Party or any Subsidiary is or is expected to be named as a party with respect to the Properties or the business operated by the Credit Parties or any of their Subsidiaries, nor is any Credit Party or Subsidiary a party to any outstanding consent decrees or other decrees, consent orders, administrative orders or other orders, in each case, by or with any governmental entity, under any Environmental Law with respect to the Properties or the business operated by the Credit Parties or any of their Subsidiaries.

(p) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) no ERISA Event has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan and (ii) neither any Borrower nor any of its ERISA Affiliates is currently subject to any liability for a complete or partial withdrawal from a Multiemployer Plan. The present value of all accrued benefits under all Single Employer Plans taken in the aggregate (based on the assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is being made or deemed made, exceed by greater than \$35,000,000 the value of the assets of such Plans taken in the aggregate allocable to such accrued benefits.

(q) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) there are no strikes, walkouts, work stoppages or other labor difficulty pending or, to the knowledge of any Credit Party, threatened against any Credit Party

and (ii) no unfair labor practice complaint is pending against any Credit Party or any of its Subsidiaries.

(r) As of the Effective Date, each Material Contract is, after giving effect to the transactions contemplated to occur on the Effective Date, in full force and effect.

(s) No Credit Party is an EEA Financial Institution.

ARTICLE V

COVENANTS OF THE CREDIT PARTIES

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, each of the Credit Parties will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and Environmental Laws and, in the case of any Credit Party incorporated under the laws of the Commonwealth of Australia, Chapter 2E and Part 2J.3 of the Corporations Act 2001 (Cwlth), except, in each case, to the extent that any failures to so comply, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect; provided, however, that neither the Company nor any of its Subsidiaries shall be required to comply with any law, rule, regulation or order to the extent it is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained. The Company shall maintain, and cause each of its Subsidiaries to maintain, policies and procedures designed to ensure compliance with applicable Sanctions and Anti-Corruption Laws.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, all material Taxes, assessments and governmental charges or levies imposed upon it or upon its property; provided, however, that neither the Company nor any of its Subsidiaries shall be required to pay or discharge any such Tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(c) Maintenance of Insurance. Maintain, and cause each of its Significant Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which each Credit Party or such Significant Subsidiary operates.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain its corporate or other legal existence, rights (charter and statutory) and franchises if the loss or failure to maintain the same would, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect; provided, however, that the Company or any of its Subsidiaries may consummate any merger, consolidation or other transaction permitted under Section 5.02(b).

(e) Visitation Rights. At any reasonable time and from time to time on reasonable notice and at reasonable intervals, permit the Administrative Agent or any of the Lenders, or any

agents or representatives thereof, to visit the properties of the Company and any of its Subsidiaries and to discuss the affairs, finances and accounts of the Company and any of its Subsidiaries with any of their officers or directors and, during the continuance of any Default, to examine and make copies of and abstracts from the records and books of account of the Company and any of its Subsidiaries and (provided that an officer or officers of the Company are afforded a reasonable opportunity to be present) to discuss the affairs, finances and accounts of the Company and any of its Subsidiaries with their independent certified public accountants.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which entries shall be made of all financial transactions and the assets and business of the Company and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Significant Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, except to the extent that any failure to do so, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

(h) Primary Business. Continue to be engaged primarily in lines of business as carried on at the date hereof or lines of business related, complementary or ancillary thereto.

(i) Reporting Requirements. Furnish to the Administrative Agent (who shall furnish to the Lenders):

(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter and consolidated statements of income and cash flows of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer of the Company as having been prepared in accordance with generally accepted accounting principles and a certificate of the chief financial officer of the Company as to compliance with the terms of this Agreement, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Company shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Company, a copy of the audited financial statements for such year for the Company and its Subsidiaries, containing the consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year and consolidated statements of income and cash flows of the Company and its Subsidiaries for such fiscal year, in each case accompanied by an opinion by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing and a certificate of the chief financial officer of the Company as to compliance with the terms of this Agreement, provided that in the event of any change in GAAP used in the preparation of such

financial statements, the Company shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(iii) as soon as possible and in any event within seven days after obtaining knowledge of the occurrence of each Default continuing on the date of such statement, a statement of the chief financial officer of the Company setting forth details of such Default and the action that the Company has taken and proposes to take with respect thereto;

(iv) [reserved];

(v) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Company or any of its Subsidiaries of the type described in Section 4.01(f);

(vi) such other information respecting the Company or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request; and

(vii) promptly following any request therefor, information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable “know your customer” requirements under the PATRIOT Act, the Beneficial Ownership Regulation (including a Beneficial Ownership Certification) or other applicable anti-money laundering laws.

(j) Additional Subsidiaries; Additional Foreign Borrowers and Guarantors.

(i) If, after the Effective Date, any Person becomes a Material Domestic Subsidiary (whether as a result of an acquisition of a Material Domestic Subsidiary or otherwise) (with respect to any such Material Domestic Subsidiary, the date on which it becomes a Material Domestic Subsidiary, a “Guarantor Reference Date”), the Company shall, on or prior to the latest of (i) the date that is forty-five days after the Guarantor Reference Date, (ii) the first date after the Guarantor Reference Date on which an Advance is made or is outstanding and (iii) such later date as may be agreed by the Administrative Agent in its reasonable discretion, cause such Person to: (A) become a Guarantor of Borrower Obligations by delivering to the Administrative Agent a duly executed supplement to this Agreement or such other document as the Administrative Agent shall reasonably deem appropriate for such purpose, (B) deliver to the Administrative Agent such opinions, documents and certificates referred to in Section 3.01(c) as may be reasonably requested by the Administrative Agent, (C) deliver to the Administrative Agent such updated Schedules to this Agreement as reasonably requested by the Administrative Agent with respect to such Person and (D) deliver to the Administrative Agent such other documents as may be reasonably requested by the Administrative Agent, all in form, content and scope reasonably satisfactory to the Administrative Agent.

(ii) The Company may, on 15 days' notice to the Administrative Agent, elect to add as a Foreign Borrower under this Agreement any Subsidiary of the Company (A) that is organized under the laws of England, Wales, Scotland, Northern Ireland, Canada, Australia or Singapore or (B) that is organized under the laws of any other foreign jurisdiction with the consent of the Administrative Agent and each of the Lenders (in each case, in such Person's sole discretion) on terms and conditions satisfactory to the Administrative Agent and each such Lender, so long as, in each case for any election described above in clause (ii)(A) or (ii)(B), (x) the Administrative Agent (on behalf of the Lenders pursuant to Section 7.01), the Company and the new Foreign Borrower have entered into a joinder agreement, in form and substance reasonably satisfactory to the Administrative Agent, which joinder agreement may include any amendment or other modification to this Agreement as is reasonably necessary to incorporate any terms required by the laws of the country in which such Foreign Borrower is organized, including, without limitation, terms necessary to make this Agreement enforceable against such Foreign Borrower under the laws of such country and to ensure the Advances, actions and obligations of the Lenders hereunder with respect to such Foreign Borrower will be permitted under the laws of such country, and (y) the Administrative Agent and the Lenders (1) have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act and the Beneficial Ownership Regulation (including a Beneficial Ownership Certification), (2) are reasonably satisfied with the results of such documentation and other information and (3) have received items comparable to the deliverables provided to the Lenders with respect to the Company as of the Effective Date.

(iii) The Company may, on five Business Days' notice to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its reasonable discretion), terminate a Foreign Borrower's status as such upon the execution by the Company and delivery to the Administrative Agent of a termination agreement, in form and substance reasonably satisfactory to the Administrative Agent, with respect to such Foreign Borrower; provided that no such termination agreement shall become effective as to any Foreign Borrower (other than to terminate its right to make further Borrowings under this Agreement) until all Advances made to the terminated Foreign Borrower have been repaid and all amounts payable by such terminated Foreign Borrower in respect of interest and/or fees (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable by the terminated Foreign Borrower under any Loan Document) have been paid in full. The Administrative Agent will promptly notify the Lenders of any such termination of a Foreign Borrower's status.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, no Credit Party will:

(a) Liens, Etc. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties (which for purposes of this subsection (a) shall be deemed not to include shares of the Company's capital stock), whether

now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens;

(ii) Liens securing purchase money Debt, Liens on fixed or capital assets acquired, constructed or improved and capital lease obligations (and refinancings of any thereof) to the extent permitted under Section 5.02(d)(iii); provided, that (i) any such Lien attaches to such property prior to, concurrently with or within 90 days after the acquisition, construction, improvement or lease thereof and (ii) such Lien attaches solely to the property so acquired, constructed, improved or leased in such transaction;

(iii) the Liens existing on the Effective Date and described on Schedule 5.02(a) hereto;

(iv) any Lien existing on any asset prior to the acquisition thereof by the Company or any Subsidiary or existing on any asset of any Person that becomes a Subsidiary after the Effective Date prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other assets of the Company or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(v) Liens securing Debt payable by a Subsidiary to a Credit Party;

(vi) other Liens securing Debt in an aggregate principal amount not to exceed at any time outstanding an amount equal to the greater of (i) \$150,000,000 and (ii) 3.5% of the book value of the Consolidated Assets calculated as of the date of Lien incurrence; and

(vii) the replacement, extension or renewal of any Lien permitted by clauses (ii) (iii) or (iv) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount other than to the extent of any reasonable fees and expenses in connection with any such replacement, extension or renewal) of the Debt secured thereby.

(b) Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, except:

(i) (A) any Wholly-Owned Subsidiary of the Company may be merged, amalgamated or consolidated with or into the Company (provided that the Company shall be the continuing or surviving entity) or (B) any Wholly-Owned Subsidiary of the Company may be merged, amalgamated or consolidated with or into any Guarantor (provided that the Guarantor shall be the continuing or surviving entity or simultaneously

with such transaction, the continuing or surviving entity shall become a Guarantor and the Company shall comply with Section 5.01(j) in connection therewith);

(ii) (A) any Non-Guarantor Subsidiary that is a Foreign Subsidiary may be merged, amalgamated or consolidated with or into, or be liquidated into, any other Subsidiary and (B) any Non-Guarantor Subsidiary that is a Domestic Subsidiary may be merged, amalgamated or consolidated with or into, or be liquidated into, any other Domestic Subsidiary;

(iii) any Subsidiary of the Company may dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding up or otherwise) to the Company or any Guarantor; provided that, with respect to any such disposition by any Non-Guarantor Subsidiary, the consideration for such disposition shall not exceed the fair value of such assets;

(iv) (A) any Non-Guarantor Subsidiary that is a Foreign Subsidiary may dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding up or otherwise) to any other Subsidiary and (B) any Non-Guarantor Subsidiary that is a Domestic Subsidiary may dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding up or otherwise) to any other Domestic Subsidiary;

(v) any Subsidiary of the Company may merge with or into any Person; provided that in the case of any merger involving a Wholly-Owned Subsidiary that is a Guarantor, (x) a Guarantor shall be the continuing or surviving entity; (y) simultaneously with such transaction, the continuing or surviving entity shall become a Guarantor and the Company shall comply with Section 5.01(j) in connection therewith or (z) after giving effect to such merger, the surviving entity is not a Subsidiary of the Company and no longer a Guarantor;

(vi) any merger, consolidation, transfer or disposition that is the direct result of the Purdue Transaction; and

(vii) any Guarantor may dispose of all or substantially all of its assets to any other Person that is not the Company or any other Guarantor; provided that at the time of such disposition, the Company is in pro forma compliance with each of the financial covenants set forth in Section 5.03 after giving effect to such disposition;

provided that the Company may merge or consolidate with any other Person so long as the Company is the surviving entity and provided further that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) Accounting Changes; Material Contracts. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as permitted by generally accepted accounting principles and, in the case of any material change, concurred with by the Company's independent public accountants. The Company will not, nor will it permit any Subsidiary to, amend, modify or waive, in any manner that would reasonably

be expected to materially adversely affect the Lenders, any of its rights under any Material Contract without the prior written consent of the Required Lenders.

(d) Debt, Investments and Restricted Payments. Create, incur, assume or permit to exist any Debt or make any Investments or Restricted Payments, or permit any of its Subsidiaries to do the same, except:

(i) Debt arising or existing under this Agreement and the other Loan Documents;

(ii) Debt or Investments existing on the Effective Date and described on Schedule 5.02(d) hereto;

(iii) Debt of the Company and/or its Subsidiaries incurred after the Effective Date consisting of capital leases or Debt incurred to provide all or a portion of the purchase price or cost of acquisition of any real property and/or construction and improvements thereon or equipment or other fixed assets acquired or held by the Company and its Subsidiaries; provided that (i) such Debt when incurred shall not exceed the purchase price or cost of acquisition, construction or improvement of such asset(s); (ii) no such Debt shall be renewed, refinanced or extended for a principal amount in excess of the principal balance outstanding thereon at the time of such renewal, refinancing or extension (other than with respect to reasonable fees and expenses in connection with any such renewal, refinancing or extension); and (iii) the total amount of all such Debt shall not exceed \$15,000,000 at any time outstanding;

(iv) Guarantees of any Debt otherwise permitted to be incurred hereunder;

(v) Unsecured intercompany Debt among the Credit Parties or between Non-Guarantor Subsidiaries;

(vi) Investments in, and loans to, any Credit Party;

(vii) Investments in, and loans to, any Non-Guarantor Subsidiary in an aggregate amount not to exceed \$25,000,000 at any time outstanding;

(viii) Investments by any Non-Guarantor Subsidiary in another Non-Guarantor Subsidiary;

(ix) Permitted Investments;

(x) other Debt, Investments and Restricted Payments of the Company and its Subsidiaries; provided that at the time of the initial creation, incurrence or assumption thereof, the Company is in pro forma compliance with each of the financial covenants set forth in Section 5.03 after giving effect to such Debt, Investments and Restricted Payment, as applicable; provided further that any acquisition shall not be a "hostile" acquisition.

(e) Transactions with Affiliates. Enter into, or permit any of their Subsidiaries to enter into, any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder or Affiliate involving aggregate payments or consideration in excess of \$5,000,000, except (i) transactions on terms and conditions not materially less favorable than would be obtainable in a comparable arm's-length transaction with a Person other than an officer, director, shareholder or Affiliate, (ii) transactions solely between or among the Company and/or any of its Subsidiaries, (iii) any Debt, Investment or Restricted Payment permitted by Section 5.02(d), and (iv) reasonable and customary compensation and reimbursements of expenses and indemnities provided to any director, officer or employee.

(f) Sale Leasebacks. Will not, nor permit any of its Subsidiaries to, directly or indirectly, become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an operating lease or a capital lease, of any property (whether real, personal or mixed), whether now owned or hereafter acquired, (a) which any Credit Party or any Subsidiary has sold or transferred or is to sell or transfer to a Person which is not a Credit Party or (b) which any Credit Party or any Subsidiary intends to use for substantially the same purpose as any other property which has been sold or is to be sold or transferred by a Credit Party or a Subsidiary to another Person which is not a Credit Party in connection with such lease, in each case unless (i) any capital lease obligations arising in connection therewith are permitted under Section 5.02(d) and (ii) any Liens arising in connection therewith (including Liens deemed to arise in connection with any such capital lease obligations) are permitted under Section 5.02(a).

(g) No Further Negative Pledges. Assume or become, or permit any of its Subsidiaries to assume or become, subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon any of their properties or assets, whether now owned or hereafter acquired, to secure any Borrower Obligations, except (i) pursuant to this Agreement and the other Loan Documents, (ii) restrictions and conditions imposed by applicable law or existing on the Effective Date, (iii) pursuant to any document or instrument governing Debt incurred pursuant to Section 5.02(d)(iii); provided that any such restrictions apply only to the assets securing such Debt, (iv) in connection with any Permitted Lien or Lien permitted under Section 5.02(a) or any document or instrument governing any Permitted Lien or such other Lien; provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (v) customary restrictions contained in agreements relating to the sale of assets that are applicable solely pending such sale, provided that such restrictions and conditions apply only to the assets to be sold, (vi) restrictions imposed by agreements relating to Debt of any Subsidiary in existence at the time such Subsidiary became a Subsidiary, (vii) customary provisions in leases and other agreements restricting the assignment thereof, (viii) in the case of any Subsidiary that is not a Wholly-Owned Subsidiary, restrictions imposed by its organizational documents or any related joint venture or similar agreement; provided that such restrictions and conditions apply only to such Subsidiary and to any Equity Interests in such Subsidiary and (ix) restrictions imposed by the definitive documentation related to the Company's 5.75% unsecured notes due 2026 and any refinancing thereof on terms substantially similar to such unsecured notes.

SECTION 5.03. Financial Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Company and its Subsidiaries will

maintain, as of the end of each fiscal quarter beginning with the fiscal quarter ending June 30, 2018:

- (a) a Total Net Leverage Ratio of not greater than 3.50 to 1.00; and
- (b) a Consolidated Interest Coverage Ratio of not less than 3.50 to 1.00.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events (“Events of Default”) shall occur and be continuing:

(a) Any principal of any Advance shall not be paid when the same becomes due and payable (or, if any such failure is due solely to technical or administrative difficulties relating to the transfer of such principal payment, within two Business Days after the same becomes due and payable); or any interest on any Advance or any other fees or other amounts payable under this Agreement or any other Loan Document shall not be paid within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by any Credit Party in any Loan Document or by any Credit Party (or any of its officers) in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) (i) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in Section 2.16, 5.01(d) or (i)(iii), 5.02 or 5.03, or (ii) any Credit Party shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Administrative Agent or any Lender; or

(d) (i) The Company and/or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt (other than Non-Recourse Debt), individually or collectively, that is outstanding in a principal amount of at least \$35,000,000 in the aggregate (but excluding Debt outstanding hereunder), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or (ii) any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; provided that this clause (d)(ii) shall not apply to secured Debt that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Debt if the amount that becomes due is promptly paid; or

(e) Any Credit Party or any of the Company's Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; a moratorium is declared in respect of any indebtedness of any Credit Party or any of the Company's Significant Subsidiaries or any proceeding shall be instituted by or against any Credit Party or any of the Company's Significant Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization (by way of voluntary arrangement, scheme or otherwise), dissolution, administration, judicial management, provisional supervision, arrangement, adjustment, protection, relief, or composition of it or its debts or any analogous procedure or step taken under any Debtor Relief Laws, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian, judicial manager, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or in such proceeding the entry of an order for relief against, or the appointment of a receiver, trustee, custodian, judicial manager, administrator, administrative receiver, compulsory manager, provisional supervisor, liquidator or other similar official for, it or for any substantial part of its property shall occur or, in the case of any Foreign Borrower formed under the laws of Australia, any corporate action or legal proceedings are taken in relation to the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of it or any of its assets; or any Credit Party or any of the Company's Significant Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order of a court of competent jurisdiction for the payment of money in excess of \$35,000,000 shall be rendered against any Credit Party or any of the Company's Significant Subsidiaries, such judgment shall not be satisfied or otherwise discharged and either (i) enforcement proceedings shall have been legally commenced by any creditor upon such judgment or order or (ii) there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; provided, however, that any such judgment or order shall not be an Event of Default under this Section 6.01(f) if and for so long as (x) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (y) such insurer, which shall be rated at least "A-" by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order; or

(g) Any Person or two or more Persons acting in concert (other than the Graham Interests) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Company (or other securities convertible into such Voting Stock) representing 30% or more of the combined voting power of all Voting Stock of the Company and such combined voting power exceeds the then current voting power of the Voting Stock of the Company (or other securities convertible into such Voting Stock) controlled by the Graham Interests; or

(h) Any Credit Party or any of its ERISA Affiliates shall incur liability as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of any Credit Party or any of its ERISA Affiliates from a Multiemployer Plan or a determination that a Multiemployer Plan is in “endangered” or “critical” status within the meaning of Section 432 of the Internal Revenue Code or Section 305 of ERISA; or (iii) the reorganization, insolvency or termination of a Multiemployer Plan; provided that, in the event of any of the above and, in the reasonable opinion of the Required Lenders, such liability would reasonably be likely to result in a Material Adverse Effect, provided, further, that any such liability in an amount not to exceed \$35,000,000 shall be deemed not to be reasonably likely to result in a Material Adverse Effect;

(i) At any time after the execution and delivery thereof, any Loan Document, for any reason other than the satisfaction in full of all Borrower Obligations, shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared to be null and void, or any Credit Party shall contest the validity or enforceability of any Loan Document in writing or deny in writing that it has any further liability, including with respect to future advances by the Lenders, under any Loan Document to which it is a party; or

(j) At any time after the Effective Date, the Guaranty, for any reason other than the satisfaction in full of all Borrower Obligations, shall cease to be in full force and effect (other than in accordance with its terms or the terms hereof) or shall be declared to be null and void, or any Credit Party shall contest the validity or enforceability of the Guaranty in writing;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Company, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Company, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Credit Party, and (iii) shall at the request, or may with the consent, of the Required Lenders, exercise such other rights and remedies as provided under the Loan Documents and under applicable laws; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Credit Party under any Debtor Relief Laws, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by each Credit Party.

ARTICLE VII

THE ADMINISTRATIVE AGENT

SECTION 7.01. Appointment and Authority. Each of the Lenders hereby irrevocably appoints Wells Fargo Bank to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or

thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders, and, except as provided in Section 7.07, neither the Company nor any Subsidiary thereof shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

SECTION 7.02. Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 7.03. Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder and thereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and 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 Company or any of its Subsidiaries or Affiliates that is

communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 9.01 and 6.01) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent in writing by any Borrower or a Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 7.04. Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Advance that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Advance. The Administrative Agent may consult with legal counsel (who may be counsel for any 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.

SECTION 7.05. Indemnification. The Lenders agree to indemnify the Administrative Agent (to the extent not reimbursed by the Credit Parties), ratably according to their Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or

disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such expenses by the Credit Parties.

SECTION 7.06. Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of this credit facility as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub agents.

SECTION 7.07. Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Company. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Company, 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 gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders or the Company, on behalf of the Borrowers, may, to the extent permitted by applicable law, by notice in writing to the Company, if being done by the Required Lenders, and such Person, remove such Person as Administrative Agent and, in consultation with the Company, appoint a successor. If no such successor shall have been so appointed by the Required Lenders or the Company, on behalf of the Borrowers, as applicable, and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article, Section 7.10 and Section 9.04 and shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

SECTION 7.08. Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative 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 also acknowledges that it will, independently and without reliance upon the Administrative 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 this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 7.09. No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the syndication agents, documentation agents, co-agents, arrangers or bookrunners listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender.

SECTION 7.10. Guaranty Matters. Each of the Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Guarantor from its obligations under any Loan Documents if such Person ceases to be a Material Domestic Subsidiary as a result of a transaction permitted under the Loan Documents. Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release any Guarantor from its obligations under this Agreement pursuant to this Section 7.10. In each case as specified in this Section 7.10, the Administrative Agent will, at the Borrowers' expense, execute and deliver to the applicable Credit Party such documents as such Credit Party may reasonably request to release such

Guarantor from its obligations under this Agreement, in each case in accordance with the terms of the Loan Documents and this Section 7.10.

ARTICLE VIII

GUARANTY

SECTION 8.01. The Guaranty. In order to induce the Lenders to enter into this Agreement and to extend credit hereunder and in recognition of the direct benefits to be received by the Guarantors from the Advances hereunder, each of the Guarantors and the Company hereby agrees with the Administrative Agent, the Lenders as follows: (a) each Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all of the Borrower Obligations hereunder and under the other Loan Documents and (b) the Company hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all of the Foreign Borrower Obligations hereunder and under the other Loan Documents.

If any or all of the indebtedness becomes due and payable hereunder, each Guarantor unconditionally promises to pay such indebtedness to the Administrative Agent, the Lenders, or their respective order, on demand, together with any and all reasonable expenses which may be incurred by the Administrative Agent or the Lenders in collecting any of the Borrower Obligations. The Guaranty set forth in this Article VIII is a guaranty of payment when due and not of collection. The word "indebtedness" is used in this Article VIII in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the Borrowers, including specifically all Borrower Obligations, arising in connection with this Agreement or the other Loan Documents, in each case, heretofore, now, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether any Borrower may be liable individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter becomes otherwise unenforceable.

Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

SECTION 8.02. Bankruptcy. Additionally: (a) each of the Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all Borrower Obligations of any Borrower to the Lenders whether or not due or payable by any Borrower upon the occurrence of any bankruptcy, reorganization, arrangement, moratorium or other proceeding or procedure under

any Debtor Relief Law and unconditionally promises to pay such Borrower Obligations to the Administrative Agent for the account of the Lenders, or order, on demand, in lawful money of the United States, and (b) the Company unconditionally and irrevocably guarantees jointly and severally the payment of any and all Foreign Borrower Obligations of any Foreign Borrower to the Lenders whether or not due or payable by any Foreign Borrower upon the occurrence of any bankruptcy, reorganization, arrangement, moratorium or other proceeding or procedure under any Debtor Relief Law and unconditionally promises to pay such Foreign Borrower Obligations to the Administrative Agent for the account of the Lenders, or order, on demand, in lawful money of the United States. Each of the Guarantors further agrees that to the extent that any Borrower or a Guarantor shall make a payment or a transfer of an interest in any property to the Administrative Agent or any Lender, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to any Borrower or a Guarantor, the estate of any Borrower or a Guarantor, a trustee, receiver or any other party under any Debtor Relief Laws, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

For the avoidance of doubt, no Foreign Borrower shall guaranty or be liable for any Obligations of the Company, any of its Domestic Subsidiaries or any other Foreign Borrower.

SECTION 8.03. Nature of Liability. The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the relevant Borrower Obligations whether executed by any such Guarantor, any other guarantor or by any other party, and no Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by any Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Borrower Obligations, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by any Borrower, or (e) any payment made to the Administrative Agent or the Lenders on the applicable Borrower Obligations which the Administrative Agent or such Lenders provides to any Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

SECTION 8.04. Independent Obligation. The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor or any applicable Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor or any applicable Borrower and whether or not any other Guarantor or any other Borrower is joined in any such action or actions.

SECTION 8.05. Authorization. Each of the Guarantors authorizes the Administrative Agent, each Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Borrower Obligations, the Foreign Borrower Obligations or any part thereof in accordance with this Agreement, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any Guarantor or any other party for the payment

of this Guaranty, the Borrower Obligations or the Foreign Borrower Obligations and exchange, enforce waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent and the Lenders in their discretion may determine and (d) release or substitute any one or more endorsers, Guarantors, Borrowers or other obligors.

SECTION 8.06. Reliance. It is not necessary for the Administrative Agent or the Lenders to inquire into the capacity or powers of any Borrower or the officers, directors, members, partners or agents acting or purporting to act on its behalf, and any Borrower Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

SECTION 8.07. Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require the Administrative Agent or any Lender to (i) proceed against any Borrower, any other guarantor or any other party, (ii) proceed against or exhaust any security held from any Borrower, any other guarantor or any other party, or (iii) pursue any other remedy in the Administrative Agent's or any Lender's rights whatsoever. Each of the Guarantors waives any defense based on or arising out of any defense of any Borrower, any other guarantor or any other party other than payment in full of the Borrower Obligations or the Foreign Borrower Obligations, as applicable (other than, in either case, contingent indemnification obligations for which no claim has been made or cannot be reasonably identified by an Indemnified Party based on the then-known facts and circumstances), including, without limitation, any defense based on or arising out of the disability of any Borrower, any other guarantor or any other party, or the unenforceability of the Borrower Obligations or the Foreign Borrower Obligations, as applicable, or any part thereof from any cause, or the cessation from any cause of the liability of any Borrower other than payment in full of the Borrower Obligations or the Foreign Borrower Obligations, as applicable. The Administrative Agent may, at its election, exercise any right or remedy the Administrative Agent or any Lender may have against any Borrower or any other party without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Borrower Obligations or the Foreign Borrower Obligations, as applicable, have been paid in full and the Commitments have been terminated. Each of the Guarantors waives any defense arising out of any such election by the Administrative Agent or any of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Guarantors against any Borrower or any other party.

(b) Each of the Guarantors waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Borrower Obligations or the Foreign Borrower Obligations, as applicable. Each Guarantor assumes all responsibility for being and keeping itself informed of the financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Borrower Obligations or the Foreign Borrower Obligations, as applicable, and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any Lender shall have any duty to advise such Guarantor of information known to it regarding such circumstances or risks.

(c) Each of the Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 509 of the Bankruptcy Code, or otherwise) to the claims of the Lenders against any Borrower or any other guarantor of the Borrower Obligations or the Foreign Borrower Obligations, as applicable, owing to the Lenders (collectively, the “Other Parties”) and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of this Guaranty until such time as the Borrower Obligations or the Foreign Borrower Obligations, as applicable, shall have been paid in full and the Commitments have been terminated. Each of the Guarantors hereby further agrees not to exercise any right to enforce any other remedy which the Administrative Agent, the Lenders now have or may hereafter have against any Other Party, any endorser or any other guarantor of all or any part of the Borrower Obligations or the Foreign Borrower Obligations, as applicable, and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Lenders to secure payment of the Borrower Obligations or the Foreign Borrower Obligations, as applicable, until such time as the Borrower Obligations or the Foreign Borrower Obligations, as applicable (other than, in either case, contingent indemnification obligations for which no claim has been made or cannot be reasonably identified by an Indemnified Party based on the then-known facts and circumstances) shall have been paid in full and the Commitments have been terminated.

SECTION 8.08. Limitation on Enforcement. The Lenders agree that this Guaranty may be enforced only by the action of the Administrative Agent acting upon the instructions of the Required Lenders and that no Lender shall have any right individually to seek to enforce or to enforce this Guaranty, it being understood and agreed that such rights and remedies may be exercised by the Administrative Agent for the benefit of the Lenders under the terms of this Agreement. The Lenders further agree that this Guaranty may not be enforced against any director, officer, employee or stockholder of the Guarantors.

SECTION 8.09. Confirmation of Payment. The Administrative Agent and the Lenders will, upon request after payment of the Borrower Obligations which are the subject of this Guaranty and termination of the Commitments relating thereto, confirm to the Company, the Guarantors or any other Person that such indebtedness and obligations have been paid and the Commitments relating thereto terminated, subject to the provisions of Section 8.02.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any provision of any Loan Documents, nor consent to any departure by the Borrowers therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (a) no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (i) waive any of the conditions specified in Section 3.01, (ii) change the percentage of the Commitments or of the aggregate

unpaid principal amount of the Advances that shall be required for the Lenders or any of them to take any action hereunder (including the definition of "Required Lenders"), (iii) amend this Section 9.01, (iv) release (A) all of the Guarantors or (B) Guarantors comprising substantially all of the credit support for the Borrower Obligations, in any case, from the Guaranty hereunder (other than as authorized in Section 7.10), without the written consent of each Lender, (v) change any pro rata payment provisions, including as provided in Section 2.15, (vi) amend the definition of "Foreign Currency" or (vii) change any other provision of any Loan Document specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or thereunder or make any determination or grant any consent hereunder without the written consent of each Lender; and (b) no amendment, waiver or consent shall, unless in writing and signed by each Lender directly and adversely affected thereby, do any of the following: (i) increase or extend the Commitments of such Lender, (ii) reduce the principal of, or interest on, the Advances or any fees or other amounts payable to such Lender hereunder or (iii) postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable to such Lender hereunder, provided further that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document. The Administrative Agent and the Borrowers may, without the consent of any Lender, enter into amendments or modifications of this Agreement or any other Loan Document as the Administrative Agent deems reasonably appropriate in order to implement (1) the Replacement Rate or otherwise effectuate the terms of Section 2.11(f) in accordance with the terms of Section 2.11(f) and (2) the terms related to a new Foreign Borrower contemplated by Section 5.01(j)(ii).

SECTION 9.02. Notices, Etc. § Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) if to the Company or any other Credit Party, to it at Graham Holdings Company, 1300 North 17th Street, Suite 1700, Arlington, VA 22209, Attention of Treasurer – Daniel J. Lynch (Facsimile No. 703-345-6299; Telephone No. 703-345-6410; email: daniel.lynch@ghco.com);

(ii) if to the Administrative Agent, to Wells Fargo Bank, National Association, as Administrative Agent at 1525 W. W.T. Harris Blvd., 1st Floor, Charlotte, NC 28262-8522, with a copy to Wells Fargo Bank, National Association, 7475 Wisconsin Avenue, Suite 400, Bethesda, MD 20814, Attention of Barbara Angel; and

(iii) if to a Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the

recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Company, on or behalf of itself or any other Credit Party, 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.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, Etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) The Borrowers agree that the Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system (the "Platform").

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to Borrowers, 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 any Borrowers' or the

Administrative Agent's transmission of communications through the Platform. "Communications" means, collectively, any notice, demand, communication, information, document or other material that any Borrower provides to the Administrative Agent pursuant to any Loan Document or the transactions contemplated therein which is distributed to the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through the Platform.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

SECTION 9.04. Costs and Expenses. § The Company and the Guarantors, jointly and severally, agree to pay on demand all reasonable and documented (in summary form) legal and other out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation and duplication expenses, and (B) the reasonable fees, charges and disbursements of counsel for the Administrative Agent (limited in the case of legal expenses, to one firm of counsel (and one local counsel in each applicable jurisdiction and any reasonably necessary specialty area counsel)) with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement. The Company and the Guarantors, jointly and severally, further agree to pay on demand all reasonable and documented (in summary form) legal or other out-of-pocket costs and expenses of the Administrative Agent and the Lenders, if any (limited in the case of legal expenses, to one firm of counsel (and one local counsel in each applicable jurisdiction and any reasonably necessary specialty area counsel)), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Administrative Agent and each Lender in connection with the enforcement of rights under this Section 9.04(a).

(a) The Company and the Guarantors, jointly and severally, agree to indemnify and hold harmless the Administrative Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable and documented (in summary form) legal and other out-of-pocket fees and expenses (limited, in the case of legal expenses, to one firm of counsel for all Indemnified Parties taken as a whole (and one local counsel in each applicable jurisdiction and any reasonably necessary specialty area counsel for all Indemnified Parties taken as a whole and, in the event of any actual conflict of interest, one additional counsel of each type to each group of similarly affected Indemnified Parties)) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding

arising out of, related to or in connection with the Advances, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances, whether or not such investigation, litigation or proceeding is brought by any Credit Party, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or related expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Party or any of its Related Parties or breach of a material obligation by such Indemnified Party or any of its Related Parties under this Agreement.

(b) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by any Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(d) or (e), 2.09, 2.10 or 2.12, acceleration of the maturity of the Advances pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on the last day of an Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 9.07 as a result of a demand by the Company pursuant to Section 2.19, the applicable Borrower shall, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(c) Without prejudice to the survival of any other agreement of any Credit Party hereunder, the agreements and obligations of any Credit Party contained in Sections 2.11, 2.14 and 9.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder.

SECTION 9.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of any Credit Party against any and all of the obligations of any Credit Party now or hereafter existing under this Agreement held by such Lender, whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured, and regardless of the place of payment, booking branch or currency of either obligation. If the obligations subject to set off are in different currencies, the Lender or its Affiliate may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. Each Lender agrees promptly to notify the applicable Credit Party, after any such set-off and application, provided that the failure to give such notice

shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 9.06. Binding Effect. This Agreement shall become effective upon satisfaction of the conditions precedent set forth in Section 3.01 and thereafter shall be binding upon and inure to the benefit of each Credit Party, the Administrative Agent and each Lender and their respective successors and assigns, except that no Credit Party shall have the right to assign its rights hereunder or any interest herein without the prior written consent of each Lender (and any other attempted assignment or transfer by any Credit Party shall be null and void).

SECTION 9.07. Assignments and Participations, § Successors and Assigns Generally. No Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any Lender shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(a) Assignments by Lenders. Any Lender may at any time and, if demanded by the Company in accordance with Section 2.17 or 2.19 at a time when no Default has occurred and is continuing upon at least five Business Days' notice to such Lender and the Administrative Agent, will 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 Advances at the time owing to it, in each case under any Tranche); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Advances at the time owing to it, in each case under any Tranche, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Advances outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Advances of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$5,000,000, unless each of the Administrative Agent and, so long as no Event of Default pursuant to clause (a) or (e) of Section 6.01

has occurred and is continuing, the Company, on behalf of the Borrowers, otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Advance or the Commitment of any Tranche assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a proportionate part of all of its rights and obligations among separate Facilities or Tranches on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b) (i)(B) of this Section and, in addition:

(A) the consent of the Company, on behalf of the Borrowers (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default pursuant to clause (a) or (e) of Section 6.01 has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender or an Affiliate of a Lender organized in the United States; provided that the Company, on behalf of the Borrowers shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten Business Days after having received notice thereof; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments if such assignment is to a Person that is not a Lender with a Commitment or an Affiliate of such Lender;

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment; provided, further, that no such processing and recordation fee shall be paid in connection with an assignment made pursuant to Section 2.19. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) any person that is not an Eligible Assignee or (B) any Defaulting Lender or any of its Subsidiaries or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the

interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.11 and 9.04, and subject to the obligations of Section 7.05, in each case, with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(b) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at one of its offices in the United States a copy of each Assumption Agreement and each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments (including the relevant Tranche) of, and principal amounts of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent demonstrable error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company, on behalf of the Borrowers, and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(c) Participations. Any Lender may at any time, without the consent of, or notice to, any Credit Party or the Administrative Agent, sell participations to any Person (other than a natural Person or any Credit Party or any of their Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advances owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrowers, the Administrative Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 7.05 with respect to any payments made by such Lender to its Participant(s). Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Multicurrency Tranche Commitments, US Tranche Commitments or other obligations under this Agreement (the "Participant Register"), provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans or other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that

such commitment, loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent demonstrable error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(d) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clauses (b)(ii) and (iii) of the first proviso of Section 9.01 that directly and adversely affects such Participant. The Borrowers agree that, subject to paragraph (f) below, each Participant shall be entitled to the benefits of Sections 2.11 and 2.14 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant agrees to be subject to the provisions of Section 2.19 as if it were an assignee under paragraph (b) of this Section. To the extent permitted by applicable law, each Participant also shall be entitled to the benefits of Section 9.05 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.15 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Sections 2.11 and 2.14 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's, on behalf of the Borrowers, prior written consent; provided that the Participant shall be subject to the provisions of Sections 2.15 and 2.19. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.14 unless the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of each Borrower, to comply with Section 2.14(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.08. Confidentiality. Neither the Administrative Agent nor any Lender shall disclose any Confidential Information to any other Person without the consent of the Company, on behalf of the Borrowers, except that Confidential Information may be disclosed (a) to the Administrative Agent's or such Lender's Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; (d)

to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (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 and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to any Borrower and its obligations, this Agreement or payments hereunder; or (g) on a confidential basis to (i) any rating agency in connection with rating any Borrower or its Subsidiaries or this credit facility or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the facilities.

SECTION 9.09. Governing Law. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

SECTION 9.10. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.11. Jurisdiction, Etc. § Each Credit Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Credit Party or its properties in the courts of any jurisdiction.

(a) Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.02. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

SECTION 9.12. Patriot Act Notice. Each Lender 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 Borrowers that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Credit Party in accordance with the Patriot Act.

SECTION 9.13. Waiver of Jury Trial. Each of the Credit Parties, the Administrative Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or any other Loan Document or the actions of the Administrative Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

SECTION 9.14. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any 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 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.

SECTION 9.15. Amendment and Restatement. This Agreement is intended to amend and restate the Existing Credit Agreement, without novation, with the Commitments set forth herein and the Lenders party hereto. The applicable Credit Parties hereby ratify, affirm and acknowledge all of their obligations in respect of the Existing Credit Agreement and the related

documents and agreements delivered by them thereunder, as amended by this Agreement. The Lenders hereby agree that the commitments with respect to the Existing Credit Agreement are amended and restated to be the Commitments of this Agreement and hereby waive, on the Effective Date only, any pro rata payment provisions of this Agreement to the extent any such payments are required to repay any obligations owing to any lender under the Existing Credit Agreement that will not continue as a Lender under this Agreement.

SECTION 9.16. 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 the Spot Rate. The obligation of any Credit Party in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such 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 in the Agreement Currency, each Credit Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender 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 Company, for itself or another Borrower (or to any other Person who may be entitled thereto under applicable law).

SECTION 9.17. Appointment of the Company. Each Foreign Borrower hereby irrevocably appoints the Company as its agent to act as specified in the Loan Documents, and the Company hereby accepts such appointment. Each Foreign Borrower hereby irrevocably authorizes and directs the Company to take on its behalf all actions required of such Person under the Loan Documents, and to exercise all powers and to perform all duties of such Person thereunder, including, (a) to submit and receive all certificates, notices, elections and communications and (b) to receive and disburse the proceeds of all Advances. Any of the foregoing taken or received by the Company on behalf of any Foreign Borrower will be deemed for all purposes to have been taken or received by such Foreign Borrower and will be binding on such Person to the same extent as if directly taken or received by such Foreign Borrower.

SECTION 9.18. Lender-Specific Provisions. Bank of America Merrill Lynch International is a designated Affiliate of Bank of America, N.A. for the purpose of lending to certain Foreign Borrowers. Any reference to "Bank of America Merrill Lynch International Limited" is a reference to its successor in title Bank of America Merrill Lynch International Designated Activity Company (including, without limitation, its branches) pursuant to and with effect from the merger between Bank of America Merrill Lynch International Limited and Bank of America Merrill Lynch International Designated Activity Company that takes effect in accordance with Chapter II, Title II of Directive (EU) 2017/1132 (which repeals and codifies the Cross-Border Mergers Directive (2005/56/EC)), as implemented in the United Kingdom and

Ireland. Notwithstanding anything to the contrary in any Loan Document, a transfer of rights and obligations from Bank of America Merrill Lynch International Limited to Bank of America Merrill Lynch International Designated Activity Company pursuant to such merger shall be permitted.

SECTION 9.19. Australian Code of Banking Practice

. The Australian Bankers' Association Code of Banking Practice does not apply to the Loan Documents and the transactions under them.

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

COMPANY: GRAHAM HOLDINGS COMPANY

By /s/ Wallace R. Cooney
Name: Wallace R. Cooney
Title: Chief Financial Officer

GUARANTORS:

GRAHAM MEDIA GROUP, INC.

By: /s/ Heidi I. Schmid Whiting
Name: Heidi I. Schmid Whiting
Title: Vice President and General Counsel

GRAHAM MEDIA GROUP, FLORIDA, INC.

By: /s/ Heidi I. Schmid Whiting
Name: Heidi I. Schmid Whiting
Title: Vice President and General Counsel

GRAHAM MEDIA GROUP, HOUSTON, INC.

By: /s/ Heidi I. Schmid Whiting
Name: Heidi I. Schmid Whiting
Title: Vice President and General Counsel

GRAHAM MEDIA GROUP, MICHIGAN, INC.

By: /s/ Heidi I. Schmid Whiting
Name: Heidi I. Schmid Whiting
Title: Vice President and General Counsel

GRAHAM MEDIA GROUP, ORLANDO, INC.

By: /s/ Heidi I. Schmid Whiting
Name: Heidi I. Schmid Whiting
Title: Vice President and General Counsel

GRAHAM MEDIA GROUP, SAN ANTONIO, INC.

By: /s/ Heidi I. Schmid Whiting
Name: Heidi I. Schmid Whiting
Title: Vice President and General Counsel

GROUP DEKKO INC.

By: /s/ David Burnworth
Name: David Burnworth
Title: President and CEO

GROUP DEKKO HOLDINGS INC..

By: /s/ David Burnworth
Name: David Burnworth
Title: President and CEO

FRTW HOLDINGS LLC

By: /s/ Barry W. Holden
Name: Barry W. Holden
Title: President

KAPLAN, INC.

By: /s/ Matthew C. Seelye
Name: Matthew C. Seelye
Title: Executive Vice President, Chief Financial Officer and Secretary

IOWA COLLEGE ACQUISITION, LLC

By: /s/ David Adams
Name: David Adams
Title: Vice President, General Counsel and Secretary

DF INSTITUTE, LLC

By: /s/ David Adams
Name: David Adams
Title: Vice President, General Counsel and Assistant Secretary

KAPLAN INTERNATIONAL NORTH AMERICA, LLC

By: /s/ Ashley Pomonis

Name: Ashley Pomonis

Title: Assistant Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Administrative Agent

By: /s/ Daniel T. Laurenzi
Name: Daniel T. Laurenzi
Title: Senior Vice President

Initial Lenders

JPMORGAN CHASE BANK, N.A.

By: /s/ Alicia Schreiber
Name: Alicia Schreiber
Title: Executive Director

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Daniel T. Laurenzi
Name: Daniel T. Laurenzi
Title: Senior Vice President

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Peter Martin
Name: Peter Martin
Title: Vice President

BANK OF AMERICA, N.A.

By: /s/ Mark A. Zirkle
Name: Mark A. Zirkle
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Carolyn L. West
Name: Carolyn L. West
Title: Senior Vice President

THE BANK OF NEW YORK MELLON

By: /s/ Christopher Olsen
Name: Christopher Olsen
Title: Vice President

PNC BANK CANADA BRANCH,
as PNC Bank, National Association's Eurodollar Lending Office for Multicurrency Tranche
Advances made to any Foreign Borrower organized under the laws of Canada

By: /s/ David T. Olsen

Name: David T. Olsen

Title: Principal Officer and Regional President - Canada

MULTICURRENCY TRANCHE COMMITMENTS

Name of Initial Lender		Commitment
Wells Fargo Bank, N.A.	\$	23,200,000.00
JPMorgan Chase Bank, N.A.	\$	23,200,000.00
HSBC Bank USA, National Association	\$	18,800,000.00
Bank of America, N.A.	\$	18,800,000.00
PNC Bank, National Association	\$	16,000,000.00
The Bank of New York Mellon	\$	0.00
Total:	\$	100,000,000.00

US TRANCHE COMMITMENTS

Name of Initial Lender		Commitment
Wells Fargo Bank, N.A.	\$	41,800,000.00
JPMorgan Chase Bank, N.A.	\$	41,800,000.00
HSBC Bank USA, National Association	\$	33,700,000.00
Bank of America, N.A.	\$	33,700,000.00
PNC Bank, National Association	\$	29,000,000.00
The Bank of New York Mellon	\$	20,000,000.00
Total:	\$	200,000,000.00

EFFECTIVE Date Guarantors

1. Graham Media Group, Inc.
2. Graham Media Group, Florida, Inc.
3. Graham Media Group, Houston, Inc.
4. Graham Media Group, Michigan, Inc.
5. Graham Media Group, Orlando, Inc.
6. Graham Media Group, San Antonio, Inc.
7. Group Dekko, Inc.
8. Group Dekko Holdings, Inc.
9. FTW Holdings LLC
10. Kaplan, Inc.
11. DF Institute, LLC
12. Iowa College Acquisition, LLC
13. Kaplan International North America, LLC

EXISTING LIENS

None.

Existing Debt and Investments

Existing Debt:

1. \$400 million principal amount of 7.25% unsecured notes due February 1, 2019.
2. \$400 million principal amount of 5.75% senior unsecured notes due June 1, 2026.
3. Facility Agreement, dated as of July 14, 2016, by and among Kaplan International Holdings Limited, as borrower, Graham Holdings Company, as guarantor, HSBC Bank PLC, Wells Fargo Bank N.A. London Branch and Bank of America Merrill Lynch International Limited, as mandated lead arrangers, HSBC Bank PLC and Wells Fargo Bank N.A. London Branch, as bookrunners, the financial institutions party thereto, as original lenders, and HSBC Bank PLC, as facility agent, as amended, amended and restated or otherwise modified from time to time.

Existing Investments:

As disclosed to, and on file with, the Administrative Agent.

Dated: _____, 20__

FOR VALUE RECEIVED, the undersigned, [NAME OF APPLICABLE BORROWER], a [jurisdiction] [type of entity] (the "Borrower"), HEREBY PROMISES TO PAY to [_____] or its registered assigns (the "Lender") for the account of its Applicable Lending Office on the Termination Date (as defined in the Credit Agreement referred to below) in accordance with the provisions of the Credit Agreement (as defined below) the aggregate unpaid principal amount of the Advances made by the Lender to the Borrower pursuant to the Amended and Restated Five Year Credit Agreement dated as of May 30, 2018, among the Borrower, the Foreign Borrowers from time to time party thereto, the Guarantors, the Lender and certain other lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent for the Lender and such other lenders (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), outstanding on such date.

The Borrower promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Wells Fargo Bank, National Association, as Administrative Agent, at Wells Fargo Bank, National Association, as Administrative Agent at 1525 W. W.T. Harris Blvd., 1st Floor, Charlotte, NC 28262-8522, in same day funds. Each Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the other Loan Documents referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the indebtedness of the Borrower resulting from each such Advance being evidenced by this Promissory Note and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

Except as provided in the Credit Agreement, this Promissory Note may not be assigned by the Lender to any Person.

[APPLICABLE BORROWER]

By: _____

Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Type of Currency	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By
------	----------------------	------------------	--	-----------------------------	------------------

EXHIBIT B-1 FORM OF NOTICE OF
BORROWING

Wells Fargo Bank, National Association, as Administrative Agent
for the Lenders parties
to the Credit Agreement
referred to below

[Date]

Ladies and Gentlemen:

The undersigned, Graham Holdings Company, [on behalf of [•],] refers to the Amended and Restated Five Year Credit Agreement, dated as of May 30, 2018 (as amended or modified from time to time, the “Credit Agreement”, the terms defined therein being used herein as therein defined), among the undersigned, the Foreign Borrowers from time to time party thereto, the Guarantors, certain Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent for such Lenders, and hereby gives you notice pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing the “Proposed Borrowing”) as required by Section 2.02(a) of the Credit Agreement:

1. The Business Day of the Proposed Borrowing is _____, 20__.
2. The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].
3. The Tranche of Advances comprising the Proposed Borrowing is [Multicurrency Tranche Advances] [US Tranche Advances].
4. The currency and aggregate amount of the Proposed Borrowing is _____¹.
5. [The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Borrowing is _____ month[s] [with an alternative Interest Period of _____ month[s]]².]
6. The applicable Borrower is _____.

¹ Which amount shall be, (x) with respect to Base Rate Advances, in an aggregate principal amount of \$3,000,000, or a Foreign Currency Equivalent thereof, or a whole multiple of \$1,000,000, or a Foreign Currency Equivalent thereof, in excess thereof and (y) with respect to Eurodollar Rate Advances, in an aggregate principal amount of \$5,000,000, or a Foreign Currency Equivalent thereof, or a whole multiple of \$1,000,000, or a Foreign Currency Equivalent thereof, in excess thereof. Please specify currency clearly.

² In the case twelve months is selected in the prior blank.

The undersigned hereby certifies that the following statements are true on the date hereof and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are (1) with respect to representations and warranties that contain a materiality qualification in such Section 4.01, true and correct and (2) with respect to all other representations and warranties, true and correct in all material respects, in each case, on and as of the date of such Borrowing, such Increase Date or such Extension Date, before and after giving effect to such Borrowing, such Increase Date or such Extension Date and to the application of the proceeds therefrom, as though made on and as of such date except to the extent such representations and warranties expressly relate to an earlier date; and

(B) no event has occurred and is continuing, or would result from such Borrowing, such Increase Date or such Extension Date or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

GRAHAM HOLDINGS COMPANY

By: _____

Title:

Wells Fargo Bank, National Association, as Administrative Agent
for the Lenders parties
to the Credit Agreement
referred to below

[Date]

Attention: [Bank Loan Syndications Department]

Ladies and Gentlemen:

The undersigned, Graham Holdings Company, [on behalf of [•],] refers to the Amended and Restated Five Year Credit Agreement, dated as of May 30, 2018 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, the Foreign Borrowers from time to time party thereto, the Guarantors, certain Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent for such Lenders, and hereby gives you notice pursuant to Section 2.09 of the Credit Agreement that the undersigned hereby requests a continuation or conversion of the following Borrowing according to the terms below:

(i) The date of continuation or conversion (which is the last day of the applicable Interest Period) is _____.

(ii) The principal amount of such continuation or conversion is US\$ _____.¹

(iii) The applicable Borrower is _____.

[(iv) The Advances to be continued or converted are _____.]

[(v) The Type of Advances to which such Borrowing is to be converted is [Base Rate Advances] [Eurodollar Rate Advances].]

¹ Which amount shall be, (x) with respect to Base Rate Advances, in an aggregate principal amount of \$3,000,000, or a Foreign Currency Equivalent thereof, or a whole multiple of \$1,000,000, or a Foreign Currency Equivalent thereof, in excess thereof and (y) with respect to Eurodollar Rate Advances, in an aggregate principal amount of \$5,000,000, or a Foreign Currency Equivalent thereof, or a whole multiple of \$1,000,000, or a Foreign Currency Equivalent thereof, in excess thereof. Please specify currency clearly.

[(v) The last day of the requested Interest Period is _____.] For Eurodollar Rate Advances only.

Very truly yours,

GRAHAM HOLDINGS COMPANY

By: _____

Title:

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [*the*][*each*]¹ Assignor identified in item 1 below ([the][each, an] “Assignor”) and [*the*][*each*]² Assignee identified in item 2 below ([the] [each, an] “Assignee”). [It is understood and agreed that the rights and obligations of [the Assignors] [the Assignees]³ hereunder are several and not joint]⁴. Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by [the][each] Assignee. The terms and conditions (the “Standard Terms and Conditions”) set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the] [each] Assignee hereby irrevocably purchases and assumes from [the Assignor] [the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor’s][the respective Assignors’] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor] [the respective Assignors] under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)] [the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] “Assigned Interest”). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

1 For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

2 For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

3 Select as appropriate.

4 Include bracketed language if there are either multiple Assignors or multiple Assignees.

1. Assignor[s]:

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee[s]:

[for each Assignee, indicate [Affiliate] of [identify Lender]

3. Borrower(s):

4. Agent: _____, as the administrative agent under the credit agreement

5. Credit Agreement : The \$300,000,000 Amended and Restated Five-Year Credit Agreement dated as of May 30, 2018, among Graham Holdings Company, the Foreign Borrowers from time to time party thereto, the Guarantors, certain Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent for such Lenders.

6. Assigned Interest[s]:

Assignor[s]]⁵	Assignee[s]]⁶	Aggregate Amount of Commitment/Advances for all Lenders⁷	Amount of Commitment/Advances Assigned⁸	Percentage Assigned of Commitment/Advances	CUSIP Number
		\$	\$		%
		\$	\$		%
		\$	\$		%

[7. Trade Date: _____]⁹

5 List each Assignor, as appropriate.

6 List each Assignee, as appropriate.

7 Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

8 Set forth, to at least 9 decimals, as a percentage of the Commitment/Advances of all Lenders thereunder. And please specify currency.

9 To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: _____ __, 20_ [BE INSERTED BY AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR[S]¹⁰
[NAME OF ASSIGNOR]

By:
Title:

[NAME OF ASSIGNOR]

By:
Title:

ASSIGNEE[S]¹¹
[NAME OF ASSIGNEE]

By:
Title:

[NAME OF ASSIGNEE]

By:
Title:

[Consented to and]¹² Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Administrative Agent

By:
Title:

[Consented to:]¹³
[NAME OF RELEVANT PARTY]

10 Add additional signature blocks as needed.

11 Add additional signature blocks as needed.

12 To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

13 To be added only if the consent of the Company is required by the terms of the Credit Agreement.

By:

Title:

[]¹⁴

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor[s]. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee[s]. [The][Each] Assignee. (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an Eligible Assignee under Section 9.07 of the Credit Agreement (subject to such consents, if any, as may be required under Section 9.07(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01(i) thereof, financial statements referred to in Section 4.01(e) thereof and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the] [such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the] [such] Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and

¹⁴ Describe Credit Agreement at option of the Administrative Agent.

information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the] [each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the] [the relevant] Assignee whether such amounts have accrued prior to, on or after the Effective Date, The Assignor[s] and the Assignee[s] shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT D - FORM OF
ASSUMPTION AGREEMENT

Dated: _____

Graham Holdings Company
1300 North 17th Street, Suite 1700
Arlington, VA 22209

Wells Fargo Bank, National Association, as Administrative Agent

Attention: _____

Ladies and Gentlemen:

Reference is made to the Amended and Restated Five Year Credit Agreement dated as of May 30, 2018 among Graham Holdings Company (the "Company"), the Foreign Borrowers from time to time party thereto, the Guarantors, certain Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent for such Lenders (the "Credit Agreement"; terms defined therein being used herein as therein defined).

The undersigned (the "Assuming Lender") proposes to become an Assuming Lender pursuant to Section 2.05(b) or 2.17 of the Credit Agreement and, in that connection, hereby agrees that it shall become a Lender for purposes of the Credit Agreement on [applicable Increase Date/Extension Date] and that its Commitment shall as of such date be \$[_____].

The undersigned (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01(e) thereof, the most recent financial statements referred to in Section 5.01(i) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assumption Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; (v) confirms that it is an Eligible Assignee; (vi) specifies as its Lending Office (and address for notices) the offices set forth beneath its name on the signature pages hereof; and (vii) attaches the forms prescribed by the Internal Revenue Service of the United States required under Section 2.14 of the Credit Agreement.

The effective date for this Assumption Agreement shall be [applicable Increase Date/Extension Date]. Upon delivery of this Assumption Agreement to the Company and the Administrative Agent, and satisfaction of all conditions imposed under Section 2.05(b) as of [date specified above], the undersigned shall be a party to the Credit Agreement and have the rights and

obligations of a Lender thereunder. As of [date specified above], the Administrative Agent shall make all payments under the Credit Agreement in respect of the interest assumed hereby (including, without limitation, all payments of principal, interest and commitment fees) to the Assuming Lender.

This Assumption Agreement may be executed in counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart by telecopier shall be effective as delivery of a manually executed counterpart of this Assumption Agreement.

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

Very truly yours,

[NAME OF ASSUMING LENDER]

By: _____

Name:

Title:

Domestic Lending Office
(and address for notices):

[Address]

Eurodollar Lending Office: [Address]

Acknowledged and Agreed to:

GRAHAM HOLDINGS COMPANY

By: _____

Name:

Title:

ACCOUNT DESIGNATION NOTICE

TO: Wells Fargo Bank, National Association, as Administrative Agent

RE: Amended and Restated Five Year Credit Agreement dated as of May 30, 2018, among the Company, the Foreign Borrowers from time to time party thereto, the Guarantors, certain Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent for such Lenders (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined)

DATE: [Date]

The Administrative Agent is hereby authorized to disburse all Borrowings¹ into the following account, unless the Company shall designate, in writing to the Administrative Agent, one or more other accounts:

Bank Name: [_____]]
ABA Routing Number: [_____]]
Account Number: [_____]]

This Account Designation Notice may, upon execution, be delivered by facsimile or electronic mail, which shall be deemed for all purposes to be an original signature.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

¹ To be updated for accounts of Foreign Borrowers, if applicable.

GRAHAM HOLDINGS COMPANY
a Delaware corporation

By: _____
Title:

NOTICE OF PREPAYMENT

[Date]

TO: Wells Fargo Bank, National Association, as Administrative Agent

Re: Amended and Restated Five Year Credit Agreement dated as of May 30, 2018, among the Company, the Foreign Borrowers from time to time party thereto, the Guarantors, certain Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent for such Lenders (as amended or modified from time to time, the "Credit Agreement")

Ladies and Gentlemen:

Reference is hereby made to the Credit Agreement. Capitalized terms not defined herein shall have the meanings ascribed thereto in the Credit Agreement.

This letter shall constitute written notice from the Company to the Administrative Agent pursuant to Section 2.10 of the Credit Agreement of the intent of [_____], as the Borrower, to prepay the Advances listed below in the amount corresponding to such Advances on or about the corresponding date listed below (the "Scheduled Prepayment Date").

Scheduled Prepayment Date	Amount	Interest Rate (Base Rate/ Eurodollar Rate)

NOTE: PARTIAL PREPAYMENTS SHALL BE IN AN AGGREGATE AMOUNT OF (X) \$2,000,000 OR A WHOLE MULTIPLE OF \$1,000,000 IN EXCESS THEREOF WITH RESPECT TO ADVANCES THAT ARE BASE RATE ADVANCES AND (Y) \$5,000,000 OR A WHOLE MULTIPLE OF \$1,000,000 IN EXCESS THEREOF WITH RESPECT TO REVOLVING CREDIT LOANS THAT ARE EURODOLLAR RATE ADVANCES

[This letter is delivered in connection with a refinancing of the Credit Facility or other transaction and is consequently contingent upon the consummation of such refinancing or

other transaction and may be revoked by the Company [on behalf of [•]] in the event such refinancing or other transaction is not consummated.]¹

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

¹ Include if prepayment is to be a prepayment in full of the credit Facility.

Sincerely,

GRAHAM HOLDINGS COMPANY
a Delaware corporation

By: _____

Title:

SOLVENCY CERTIFICATE

TO: Wells Fargo Bank, National Association, as Administrative Agent

RE: Amended and Restated Five Year Credit Agreement dated as of May 30, 2018, among the Company, the Foreign Borrowers from time to time party thereto, the Guarantors, certain Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent for such Lenders (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined)

DATE: [Date]

The undersigned chief financial officer of the Company is familiar with the properties, businesses, assets and liabilities of the Credit Parties and their Subsidiaries and is duly authorized to execute this certificate on behalf of the Company, the other Credit Parties and their Subsidiaries.

The undersigned certifies that he/she has made such investigation and inquiries as to the financial condition of the Credit Parties and their Subsidiaries as the undersigned deems necessary and prudent for the purpose of providing this Certificate. The undersigned acknowledges that the Administrative Agent and the Lenders are relying on the truth and accuracy of this Certificate in connection with the making of Advances under the Credit Agreement.

BASED ON THE FOREGOING, the undersigned certifies, in his or her capacity as chief financial officer of the Company and not in any individual capacity that, both before and after giving effect to the effectiveness of the Credit Agreement on the Effective Date:

(a) On the date hereof, the Company and its Subsidiaries, taken as a whole, are solvent and are able to pay their debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business.

(b) On the date hereof, the present fair saleable value of the Company's and its Subsidiaries' assets, taken as a whole on a consolidated basis, exceeds the amount that will be required to pay the probable liabilities of the Company and its Subsidiaries on a consolidated basis on their debt as they become absolute and matured.

(c) On the date hereof, the Company and its Subsidiaries, taken as a whole, do not have unreasonably small capital in relation to the businesses in which they are or propose to be engaged.

(d) The Company and its Subsidiaries, taken as a whole, have not incurred, nor believe that they will incur, debts beyond their ability to pay such debts as they become due.

(e) None of the Company or its Subsidiaries intends, in consummating the transaction contemplated by the Credit Agreement, to hinder, delay or defraud either present or fixture creditors or other Persons to which one or more of the Credit Parties or their Subsidiaries is or will become indebted.

This Certificate may, upon execution, be delivered by facsimile or electronic mail, which shall be deemed for all purposes to be an original signature.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

GRAHAM HOLDINGS COMPANY
a Delaware corporation

By: _____
Title:

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy J. O'Shaughnessy, Chief Executive Officer (principal executive officer) of Graham Holdings Company (the "Registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Timothy J. O'Shaughnessy
Timothy J. O'Shaughnessy
Chief Executive Officer
August 1, 2018

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Wallace R. Cooney, Chief Financial Officer (principal financial officer) of Graham Holdings Company (the "Registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Wallace R. Cooney

Wallace R. Cooney
Chief Financial Officer
August 1, 2018

SECTION 1350 CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL
OFFICER
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Graham Holdings Company (the "Company") on Form 10-Q for the period ended June 30, 2018 (the "Report"), Timothy J. O'Shaughnessy, Chief Executive Officer of the Company and Wallace R. Cooney, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy J. O'Shaughnessy

Timothy J. O'Shaughnessy

Chief Executive Officer

August 1, 2018

/s/ Wallace R. Cooney

Wallace R. Cooney

Chief Financial Officer

August 1, 2018